REGISTERED NUMBER: 04279501 (England and Wales)

Strategic Report,

Report of the Director and

Financial Statements

for the Year Ended 31 December 2020

for

Bifrangi UK Limited

FRIDAY

AA7EWBØQ

A17 25/06/2021 #146

COMPANIES HOUSE

Contents of the Financial Statements for the Year Ended 31 December 2020

Company Information
for the Year Ended 31 December 2020

DIRECTOR:	Francesca Biasion
REGISTERED OFFICE:	Shardlow Works Grange Mill Lane Sheffield S9 1HW
REGISTERED NUMBER:	04279501 (England and Wales)
SENIOR STATUTORY AUDITOR:	James Sewell BA (Hons) FCA CTA
AUDITORS:	Wright Vigar Limited Statutory Auditors Chartered Accountants & Business Advisers 15 Newland Lincoln Lincolnshire LN1 1XG

Strategic Report
for the Year Ended 31 December 2020

The directors present their strategic report and the financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

During the year 2020, the principal activities of the Company remained forging and machining of crankshafts for the agricultural, power generation and automotive markets, and flight and rack bars for the mining industry. The product mix remained stable between 2019 and 2020.

REVIEW OF BUSINESS

Bifrangi UK Ltd has forging and testing facilities in Lincoln and machining facilities in Sheffield. The Company's results for the year ended 31 December 2020 show a post-tax loss of £4,482k (profit of £767k in 2019) on sales of £22,714k (£30,471k in 2019).

Bifrangi continues the strong refurbishment programme for both sites in the UK, which has been delayed by the Covid-19 pandemic. In Lincoln, works on the construction of a new changing block area commenced in 2019 for completion in 2022. In 2020 a new heater line was purchased, which is now in the Lincoln site awaiting installation. The new kit will replace current facilities, together with a complete set of auxiliary equipment for a total investment of around £1.5 million.

In Sheffield a decision was taken to rationalise the current layout and storage areas, which created the possibility to demolish 50% of the existing factory buildings to make space for future developments. The remaining facilities are being re-clad to improve the working environment. The new cladding will provide better visibility (up to 100% improvement with an increased number of skylights) and above standard energy efficiency. Moreover, a new heating system and LED lighting will be installed, which will significantly reduce running costs for the buildings.
Finally, works continue at the Italian company Trevisan for the complete refurbishment of a grinding machine which will bring a substantial technological advancement to the machining of large crankshafts in Bifrangi UK. These works have been delayed by the travel bans set by Italy and the UK during the pandemic.

The significantly reduced demand of 2020 allowed to employ more resources across both sites to remove redundant services and machinery and, where required, to replace outdated service media.

The director and shareholders are confident that the investments are strategic and will allow the realisation of the long-term objectives of the Company.

To constantly improve quality and efficiency, the Company uses a range of measures to monitor performance.
Management accounts are reviewed monthly and key performance indicators such as receipt of orders, production, cost of sales and cash flow are reviewed weekly.

Demand decreased severely in the course of 2020. This was both due to supplier closures due to the pandemic and the general worldwide uncertainty over government restrictions to non-essential activities and travel. Due to these decreases Bifrangi UK adapted shift patterns and was supported by the Job Retention Scheme.
In 2021 Bifrangi UK is seeing a surge in demand on all current products and a large number of enquiries for new projects, which will be reflected in increased sales from Q3 2021.

The controlling party Bifrangi Spa continues to support the operation of the Company. In particular, at the end of 2020, Bifrangi Spa decided to use part of the payments already made as loans, and precisely the ones for which repayment was due in 2021 and 2022 (for a total of £4,493,251), classifying it as reserves to cover for losses and increasing equity of Bifrangi UK. These reserves have been used to soften the losses sustained in 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

In 2020 all steel mills significantly reduced their capacity due to the contraction in demand caused by the pandemic. In 2021 the global steel market saw a tremendous increase in demand, which cannot be met in supply due to the reduced operating regimes of mills. Bifrangi UK has secured capacity with the most important steel suppliers, however large surges in demand are not always possible to cover.

The pandemic also severely impacted the availability of transport, which became scarce towards the end of 2020. Bifrangi UK had to adapt its working practices to allow transport to be booked up to 3 months in advance. While this system is working at the moment, any delays in material inwards or any production issues may result in parts not shipping as soon as previously possible.

The Company is still observing a lower demand compared to 2018, however indications from all customers is that the order book will strengthen significantly over the course of the year and remain stable throughout 2022.
The Brexit deal removed a lot of uncertainty from European customers and the pound sterling has already started to recover. While bureaucracy between the UK and the EU has increased significantly, Bifrangi UK is being supported by local Chambers of Commerce and agents to ensure smooth supply to its customers.

Strategic Report
for the Year Ended 31 December 2020

RESEARCH AND DEVELOPMENT

The Research and Development centre constructed in 2016 continues to be an important support in guaranteeing the quality of the products Bifrangi supplies. The testing facilities allow for independence from external laboratories and assist both the Lincoln and Sheffield sites.

Being part of the AFRC, an R&D partnership that links the major players of the forging industry and the University of Strathclyde, offers Bifrangi UK an access to knowledge on alternative materials and forging practices. This knowledge in the future will allow the Company to enter several new markets, including aerospace.

While the pandemic caused a temporary stop to open R&D projects, with restrictions on non-essential business activities and international travel being lifted they should recommence in June 2021.

FINANCIAL INSTRUMENTS

The Company trades with both customers and suppliers in Sterling, Euros and US Dollars. For normal trading there is a natural offset in these currencies and as such the Company does not ordinarily place forward currency contracts, however the director continues to monitor the needs of the Company on an ongoing basis.

EMPLOYEE INVOLVEMENT AND DISABLED EMPLOYEES

Consultation with employees is done via the union representatives. Meetings are on an ad hoc basis or by need. Information is passed via trade union representatives at site meetings or by local management to small groups of employees.

The Company does not discriminate against individuals on grounds of disability when vacancies occur.
Employees who are infirm through ill health or injury are accommodated in various forms such as;
- risk assessment of tasks and suitable adjustments to enable the tasks to be undertaken
- work times adjusted to cater for physical difficulties
- job retraining into a services task rather than front line direct work

Counselling and support are given by our active and knowledgeable Health & Safety Department and Occupational Health providers. From the beginning of 2019 Bifrangi UK has been working with a Health and Safety consultancy firm to work towards an integral safety culture. Bifrangi UK employs a full time Health and Safety manager.

Extended periods of absences are followed by lead-in programs and careful monitoring to ensure employees regain working fitness in an efficient and effective manner.

Strategic Report
for the Year Ended 31 December 2020

SECTION 172(1) STATEMENT

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after 1 January 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

This S172 statement explains how Bifrangi UK Limited Director:

- has engaged with employees, suppliers, customers, and others; and
- has had regard to employee interests, the need to foster the group's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the Company during the financial year.

The S172 statement focuses on matters of strategic importance to the group, and the level of information disclosed is consistent with the size and the complexity of the business.

The Director is aware of their responsibilities when making decisions, and ensures that they act in the way that they consider in good faith, would most likely promote the Group's success for the benefit of its members as a whole and in doing so has regard to:

S172(1) (A) The likely consequences of any decision in the long term

The Director understands that due to the nature of the business continual improvements to the existing machinery is essential to create efficiencies and remain competitive long-term. Moreover, technological advancements offer more energy efficient solutions for existing applications. For this reason, Bifrangi UK has a strong investment programme in place which is evaluated considering the long-term changes in demand, the environmental impact of current technologies and, in turn, the long-term stability of the business.

S172(1) (B) The interests of the group's employees

The Director recognises that Bifrangi UK employees are fundamental to the delivery of strategic ambitions of our business. For this reason, employee training, welfare facilities and all aspects of the workplace, especially health and safety, are the first priority in decision making.

S172(1) (C) The need to foster the group's business relationships with suppliers, customers, and others

In order to be successful Bifrangi UK must focus on long term relationships with suppliers, customers, local authorities, and the rest of the Bifrangi Group. The ability to respond to customer requests in the most flexible manner is a priority for Bifrangi UK and this is only possible with the support of its suppliers. Suppliers are reviewed yearly on multiple factors, including their communication, cooperativeness, and financial stability.

The customer base is assessed regularly within the context of business strategy and the management team ensures that these relationships are maintained with regular communication and site visits.

S172(1) (D) The impact of the group's operations on the community and the environment

The Director understands that due to the nature of the business focus on alternative fuels and noise reduction is essential to minimise the impact of the group's operations. In the past 6 years Bifrangi UK has been heavily investing in solutions which are both more energy efficient and which reduce its impact on the local community.

S172(1) (E) The desirability of the group maintaining a reputation for high standards of business conduct

The Director carries out their decision making with the aim of maintaining high standards of reputation for the Bifrangi Group. The Company's policy, including the Conduct Policy and the Ethical policy are in place to widen the responsibility of high standards of conduct throughout all layers of the organisation.

S172(1) (F) The need to act fairly between members of the group

The Director considers all factors when determining the best course of action to deliver the Company's long term strategic goals. The impact on all stakeholders is considered as fairly as possible in the interest of the Company.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION & ENERGY EFFICIENCY

Carbon Dioxide Emissions

In 2020, the consumption of gas of Bifrangi UK resulted in an annual quantity of emissions of 2,777,359 tonnes of carbon dioxide.

The quantity involving the consumption of fuel for the purposes of transport was 71,430 tonnes.

The quantity involving the purchase of electricity for the group's own use, including for the purposes of transport, was 288,260 tonnes.

kWh Usage

The aggregated kWh of UK annual energy consumed from activities for which the group is responsible involving combustion of gas was 15,105,104 kWh.

The quantity involving the consumption of fuel for the purposes of transport was 282,578 kWh.

The quantity involving the purchase of electricity by the group for its own use, including for the purposes of transport was 14,377,052 kWh.

Methodology

Energy consumption is calculated using data from meter readings and invoices received for the given year being assessed. CO2 emissions are determined using the appropriate conversion factor for energy type obtained from UK Government information for company reporting of greenhouse gas emissions.

Ratios

In order to effectively manage the energy performance of the Group's facilities, systems, processes and equipment, management consider mWh per tonnage produced to be the key energy performance indicator (EnPI). The ratios for this year are as follows:

Energy type	EnPI	2020 ratio
Gas oil	497MWh/13,177 tonnes	0.038
Diesel	282MWh/13,177 tonnes	0.021
Natural Gas	15,105MWh/13,177 tonnes	1.146
Electricity	14,377MWh/13,177 tonnes	1.091

Measures taken to improve efficiency

Bifrangi UK has been carrying out projects to improve energy efficiencies for the past 6 years. In particular:

1 - Both at the Lincoln and Sheffield sites water cooling has replaced electric chillers where possible.
2 - In Lincoln, the recovered heat from water cooling in the press department is used for heating the office and finishing areas.
3 - 90% of light fittings have been replaced at the Lincoln site from halogen to LED. At the Sheffield site by the end of 2022 80% of the light fittings will be LED.
4 - The gas heating system at the Sheffield site is being replaced by a modern system with 102% efficiency rating.
5 - At the Lincoln site, 60% of the buildings have been replaced in the last 6 years with above standard insultation to improve heat efficiency. The new buildings also have more skylights to reduce the use of artificial lighting during the day.
6 - At the Sheffield site in 2021 and 2022 50% of the facilities will be demolished to reduce the area which requires heating. Of the remaining part, around 60% is being reclad to improve the efficiency rating of the building. Also, at this site the increase in number of skylights will improve natural lighting in the building.
7 - All production furnaces are surveyed regularly to highlight any malfunction which might cause an excessive use of gas.

Bifrangi UK is working in conjunction with the AFRC to find suitable alternative fuels to reduce the environmental impact of the heat treatment of steel products.

Strategic Report
for the Year Ended 31 December 2020

Reporting limitations

At both Lincoln and Sheffield sites meters record energy consumption at site level. For this reason, it is not possible for evaluations to be made on the emissions connected to a specific department or piece of equipment.

ON BEHALF OF THE BOARD:

Francesca Biasion - Director

2 June 2021

Report of the Director
for the Year Ended 31 December 2020

The director presents her report with the financial statements of the company for the year ended 31 December 2020.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2020.

DIRECTORS
Francesca Biasion has held office during the whole of the period from 1 January 2020 to the date of this report.

Other changes in directors holding office are as follows:

R Biasion - resigned 20 July 2020
Ms P Biasion - resigned 20 July 2020
F Biasion - resigned 20 July 2020

DISCLOSURE IN THE STRATEGIC REPORT
The following items, required under Section 1 of Schedule 7 to the Large and Medium-sized Companies and Group (Accounts and Reports Regulations) 2008, are set out in the strategic report in accordance with Section 414(C)11 of the Companies Act 2006:

- Financial instruments
- Future developments and research and development
- Employees and disabled employees
- Employee engagement
- Business relationships

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable her to ensure that the financial statements comply with the Companies Act 2006. She is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and she has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

Francesca Biasion - Director

2 June 2021

Report of the Independent Auditors to the Members of Bifrangi UK Limited

Opinion
We have audited the financial statements of Bifrangi UK Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information
The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Report of the Independent Auditors to the Members of Bifrangi UK Limited

Responsibilities of director
As explained more fully in the Statement of Director's Responsibilities set out on page seven, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our work is performed to include an assessment of the susceptibility of the entity's financial statements to material misstatement, including the risk of fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We plan our work to gain an understanding of the significant laws and regulations that are of significance to the entity and the sector in which they operate. We perform our work to ensure that the entity is complying with its legal and regulatory framework.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries to the management and people charged with governance.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Substantive procedures performed in accordance with the ISAs (UK).
- Challenging assumptions and judgments made by management in its significant accounting estimates.
- Identifying and testing journal entries, in particular material journal entries and an assessment of year end journals.
- Assessing the extent of compliance with the relevant laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wright Vigar Limited

James Sewell BA (Hons) FCA CTA (Senior Statutory Auditor)
for and on behalf of Wright Vigar Limited
Statutory Auditors
Chartered Accountants & Business Advisers
15 Newland
Lincoln
Lincolnshire
LN1 1XG

2 June 2021

Income Statement
for the Year Ended 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
TURNOVER	3		22,714,031		30,471,408
Cost of sales			23,897,893		28,901,238
GROSS (LOSS)/PROFIT			(1,183,862)		1,570,170
Distribution costs		115,811		153,189	
Administrative expenses		2,469,905		2,689,219	
			2,585,716		2,842,408
			(3,769,578)		(1,272,238)
Other operating income	4		(527,355)		1,828,982
OPERATING (LOSS)/PROFIT	6		(4,296,933)		556,744
Exceptional income/(expenses)	8		-		360,000
			(4,296,933)		916,744
Interest payable and similar expenses	9		185,887		269,960
(LOSS)/PROFIT BEFORE TAXATION			(4,482,820)		646,784
Tax on (loss)/profit	10		-		(120,856)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			(4,482,820)		767,640

The notes form part of these financial statements

Other Comprehensive Income
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
(LOSS)/PROFIT FOR THE YEAR		(4,482,820)	767,640
OTHER COMPREHENSIVE INCOME			
Capital contribution		4,493,251	-
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		4,493,251	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10,431	767,640

Balance Sheet
31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		37,343,122		39,593,407
			37,343,122		39,593,407
CURRENT ASSETS					
Stocks	13	4,186,460		5,322,302	
Debtors	14	4,337,352		4,688,421	
Cash at bank		1,255,565		1,530,375	
		9,779,377		11,541,098	
CREDITORS					
Amounts falling due within one year	15	15,130,140		15,509,732	
NET CURRENT LIABILITIES			(5,350,763)		(3,968,634)
TOTAL ASSETS LESS CURRENT LIABILITIES			31,992,359		35,624,773
CREDITORS					
Amounts falling due after more than one year	16		18,143,026		21,785,871
NET ASSETS			13,849,333		13,838,902
CAPITAL AND RESERVES					
Called up share capital	19		4,000,000		4,000,000
Retained earnings	20		9,849,333		9,838,902
SHAREHOLDERS' FUNDS			13,849,333		13,838,902

The financial statements were approved by the director and authorised for issue on 2 June 2021 and were signed by:

Francesca Biasion - Director

Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	4,000,000	9,071,262	13,071,262
Changes in equity			
Total comprehensive income	-	767,640	767,640
Balance at 31 December 2019	4,000,000	9,838,902	13,838,902
Changes in equity			
Total comprehensive income	-	10,431	10,431
Balance at 31 December 2020	4,000,000	9,849,333	13,849,333

The notes form part of these financial statements

Cash Flow Statement
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	(1,209,671)	4,659,649
Interest paid		(185,887)	(269,960)
Tax paid		-	120,856
Net cash from operating activities		(1,395,558)	4,510,545
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,205,879)	(1,926,954)
Foreign exchange		1,144,203	(1,383,456)
Net cash from investing activities		(61,676)	(3,310,410)
Cash flows from financing activities			
Amount introduced by directors		2,864	15,690
Amount withdrawn by directors		(953,872)	(844,890)
Intercompany loan movements		(1,215,616)	(1,176,635)
Capital contribution		4,493,251	-
Net cash from financing activities		2,326,627	(2,005,835)
Increase/(decrease) in cash and cash equivalents		869,393	(805,700)
Cash and cash equivalents at beginning of year	2	1,530,375	952,619
Effect of foreign exchange rate changes		(1,144,203)	1,383,456
Cash and cash equivalents at end of year	2	1,255,565	1,530,375

The notes form part of these financial statements

Notes to the Cash Flow Statement for the Year Ended 31 December 2020

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
(Loss)/profit before taxation	(4,482,820)	646,784
Depreciation charges	3,456,164	3,449,759
Finance costs	185,887	269,960
	(840,769)	4,366,503
Decrease in stocks	1,135,842	2,805,945
Decrease in trade and other debtors	351,069	2,332,115
Decrease in trade and other creditors	(1,855,813)	(4,844,914)
Cash generated from operations	(1,209,671)	4,659,649

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	1,255,565	1,530,375

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	1,530,375	952,619

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
Net cash			
Cash at bank	1,530,375	(274,810)	1,255,565
	1,530,375	(274,810)	1,255,565
Debt			
Debts falling due within 1 year	(5,313,189)	720,092	(4,593,097)
Debts falling due after 1 year	(12,592,164)	4,334,291	(8,257,873)
	(17,905,353)	5,054,383	(12,850,970)
Total	(16,374,978)	4,779,573	(11,595,405)

Notes to the Financial Statements for the Year Ended 31 December 2020

1. **STATUTORY INFORMATION**

Bifrangi UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern
The company will receive continued support from the company's ultimate holding company, Bifrangi S P A. At the year end the company owed Bifrangi S P A £9,885,153 (2019: £11,100,769) in the form of loans. The purpose of the loans is to provide sufficient funds to enable the company to meet both the capital commitments and any other liabilities as they fall due.

Turnover
Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Goodwill
Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Goodwill arising on business acquisition, representing the difference between the fair value of the consideration given and the fair value of the assets acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 5 years. The useful economic life of buildings from 31 December 2005 was reassessed for an additional 6 years therefore goodwill relating to the acquisition of these buildings is being written off over an additional 6 years.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases.

Freehold buildings	- 2-4% straight line
Plant & machinery	- 4-33% straight line

Stocks and work in progress
Stock and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Cost is determined on the weighted average cost formula.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

continued...

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the income statement.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Government grants

Government grant income is recognised when it is received. Grants relating to the purchase of assets are treated as deferred income and allocated to the income statement over the useful economic lives of the related assets while grants relating to expenses are treated as other income in the income statement.

Grants relating to the Coronavirus Job Retention Scheme are recognised in full in the period in which the associated salary, national insurance and pension costs were incurred.

Loans and borrowings

Loan and borrowings are initially measured at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The company has elected to treat the date of transition to FRS102 (1 January 2014) as the commencement date of the capitalisation of interest on qualifying assets.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

3. **TURNOVER**

The turnover and loss (2019 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	5,163,251	6,990,673
Europe	6,596,057	12,286,551
Rest of world	10,954,723	11,194,184
	22,714,031	30,471,408

The whole of the turnover is attributable to one class of business.

continued...

4. OTHER OPERATING INCOME

	2020	2019
	£	£
Government grants	801,647	445,526
Exchange (gains)/losses	(1,329,002)	1,383,456
	(527,355)	1,828,982

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	6,000,465	6,648,481
Social security costs	534,681	602,394
Other pension costs	314,738	325,856
	6,849,884	7,576,731

The average number of employees during the year was as follows:

	2020	2019
Production	205	221
Administration	30	29
Directors	1	4
	236	254

	2020	2019
	£	£
Directors' remuneration	120,000	120,100

6. OPERATING (LOSS)/PROFIT

The operating loss (2019 - operating profit) is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation - owned assets	3,456,164	3,449,759
Foreign exchange differences	1,329,002	(1,383,456)

7. AUDITORS' REMUNERATION

	2020	2019
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	34,300	33,500

8. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	2020	2019
	£	£
Exceptional income/(expenses)	-	360,000

The exceptional item in the prior year relates to a claim against the company relating to a health and safety incident that occurred during the year ended 31 December 2018. The provision in 2018 was a reliable estimate of the expected financial penalty capable of being imposed under the relevant Sentencing Guidelines. The actual liability crystallised at £140,000. The exceptional item in 2019 is the correction of the original provision.

continued...

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Other interest	20,000	20,000
Loan interest	165,887	249,960
	185,887	269,960

10. TAXATION

Analysis of the tax credit
The tax credit on the loss for the year was as follows:

	2020	2019
	£	£
Current tax:		
R&D tax credit	-	(120,856)
Tax on (loss)/profit	-	(120,856)

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
(Loss)/profit before tax	(4,482,820)	646,784
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(851,736)	122,889
Effects of:		
Expenses not deductible for tax purposes	(642)	(65,372)
Capital allowances in excess of depreciation	-	(112,143)
Depreciation in excess of capital allowances	84,396	-
Tax losses brought forward	(2,233,625)	(2,178,999)
Tax losses carried forward	3,001,607	2,233,625
R&D tax credit	-	(120,856)
Total tax credit	-	(120,856)

Tax effects relating to effects of other comprehensive income

		2020	
	Gross	Tax	Net
	£	£	£
Capital contribution	4,493,251	-	4,493,251

11. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 January 2020 and 31 December 2020	(12,045,650)
AMORTISATION	
At 1 January 2020 and 31 December 2020	(12,045,650)
NET BOOK VALUE	
At 31 December 2020	-
At 31 December 2019	-

continued...

12. **TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Totals £
COST			
At 1 January 2020	16,706,129	69,644,056	86,350,185
Additions	866,026	339,853	1,205,879
At 31 December 2020	17,572,155	69,983,909	87,556,064
DEPRECIATION			
At 1 January 2020	2,457,849	44,298,929	46,756,778
Charge for year	295,754	3,160,410	3,456,164
At 31 December 2020	2,753,603	47,459,339	50,212,942
NET BOOK VALUE			
At 31 December 2020	14,818,552	22,524,570	37,343,122
At 31 December 2019	14,248,280	25,345,127	39,593,407

Included in cost of land and buildings is freehold land of £2,040,000 (2019 - £2,040,000) which is not depreciated.

13. **STOCKS**

	2020 £	2019 £
Raw materials	1,360,189	2,841,017
Work-in-progress	1,964,528	1,957,035
Finished goods	861,743	524,250
	4,186,460	5,322,302

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Trade debtors	4,226,357	4,240,360
Other debtors	-	340,912
VAT	836	84,729
Prepayments and accrued income	110,159	22,420
	4,337,352	4,688,421

15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Bank loans and overdrafts (see note 17)	998,496	1,897,568
Other loans (see note 17)	3,594,601	3,415,621
Trade creditors	6,373,166	3,399,064
Amounts owed to group undertakings	-	1,907,062
Social security and other taxes	121,618	152,988
Other creditors	192,718	133,223
Directors' current accounts	-	951,008
Accruals and deferred income	3,849,541	3,653,198
	15,130,140	15,509,732

continued...

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Debentures (see note 17)	1,000,000	1,000,000
Bank loans (see note 17)	3,594,601	4,364,405
Other loans (see note 17)	3,663,272	7,227,759
Amounts owed to group undertakings	9,885,153	9,193,707
	18,143,026	21,785,871

17. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	998,496	1,897,568
Other loans	3,594,601	3,415,621
	4,593,097	5,313,189
Amounts falling due between one and two years:		
Bank loans	-	948,784
Other loans	3,594,601	3,415,621
	3,594,601	4,364,405
Amounts falling due between two and five years:		
Debentures	1,000,000	1,000,000
Other loans	3,663,272	7,227,759
	4,663,272	8,227,759

18. SECURED DEBTS

Short term borrowings are secured by guarantee given by the company's parent, Bifrangi S P A.

The loans with Boltex Inc are secured by way of (a) fixed charge over the Chattels and (b) assignment of the Borrower's rights under certain agreements and insurance policies associated with the acquisition, operation and maintenance of the Chattels.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
4,000,000	Ordinary	£1	4,000,000	4,000,000

20. RESERVES

	Retained earnings
	£
At 1 January 2020	9,838,902
Deficit for the year	(4,482,820)
Capital contribution	4,493,251
At 31 December 2020	9,849,333

continued...

21. CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for in the financial statements	3,201,000	2,357,502

22. RELATED PARTY TRANSACTIONS

Fincoil S R L
Included within creditors due in more than one year is a £1,000,000 (2019: £1,000,000) due in less than one year) advance from Fincoil S R L, a company which owns 40% of this company's share capital. As at 31 December 2020 the loan is repayable on 31 December 2022.

Bifrangi S P A
The company has total amounts outstanding to its parent company Bifrangi S P A of £9,885,153 (2019: £11,100,769). This balance is included within amounts due to group undertakings in less than one year and greater than one year based on the expected repayment profile.

The company trades with its parent company Bifrangi S P A. During the year the company acquired goods and services to the value of £472,486 (2019: £506,266) from Bifrangi S P A and made sales to Bifrangi S P A of £3,448,518 (2019: £1,717,369).

At the year end amounts relating to trading balances owed by/to Bifrangi S P A were £28,436 (2019: £62,475) and £5,553,435 (2019: £2,700,307) respectively.

Boltex Inc
During the year the company made purchases totalling £975,322 (2019: £1,085,439) from Boltex Inc, a company under common ownership.

In 2013 the company took out a loan with Boltex Inc to the value of €4,800,000. In addition in 2014 a further €9,200,000 loan was taken and in 2015 an additional $5,000,000 loan was taken with Boltex Inc. In 2016 the company repaid €2,000,000 and a further €4,000,000 was repaid in 2020.

The total translated balance outstanding at the year end is £10,852,474 (2019: £14,059,002) of which £3,594,601 (2019: £3,415,621) is due within one year.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Bifrangi S P A.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Bifrangi S P A, a company incorporated in Italy. Consolidated accounts are available from Sede in Via Manzoni, 14, 36065 Mussoleti, 14.

In the opinion of the directors this is the company's ultimate parent company.

Bifrangi S P A is ultimately controlled by Generfid S P A.