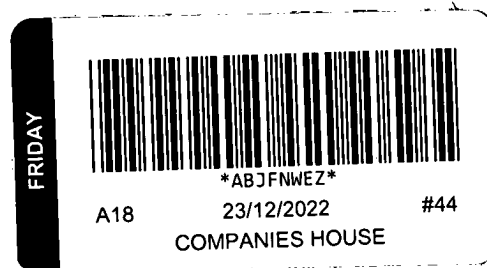


REGISTERED NUMBER: 569290 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
FOR  
RUBIX U.K. LIMITED (FORMERLY BRAMMER UK LIMITED)



RUBIX U.K. LIMITED (FORMERLY BRAMMER UK LIMITED) (REGISTERED NUMBER: 569290)

CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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RUBIX U.K. LIMITED (FORMERLY BRAMMER UK LIMITED)

COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2021

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DIRECTORS:

V M B McGurk  
H S Shaw

REGISTERED OFFICE:

Dakota House  
Concord Business Park  
Manchester  
M22 0RR

REGISTERED NUMBER:

569290 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP  
Statutory Auditors & Chartered Accountants  
Manchester Hardman Sq  
1 Hardman Square  
Manchester  
M3 3EB

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

**PRINCIPAL ACTIVITIES**

With effect from 1 September 2022, the name of the company was changed from Brammer UK Limited to Rubix U.K. Limited. Rubix U.K. Limited is a wholly owned subsidiary of Rubix International Limited. Both Rubix U.K. Limited and Rubix International Limited are consolidated in to Rubix Limited (previously named Rubix Group Holdings Limited), being the parent of the smallest and largest group to consolidate. The ultimate holding company is Al Robin (Cayman) Limited. Rubix Limited, and its subsidiaries, are the market leading pan-European distributors of industrial products and services with their customers being some of the biggest blue chip companies in their sectors. For these companies, we help drive their business forward supporting their need for profitability, quality and consistency.

Rubix U.K. Limited is the authorised distributor of many of the world's leading engineering components; including Bearings, Mechanical Power Transmission components, Fluid Power, Tools and General Maintenance products, together with engineering and associated industrial services, to the maintenance repair and overhaul ("MRO") market across the UK.

**OUR MARKET**

We operate in a highly fragmented market, and with a market share of approximately 5%, our market share will not be a constraint to growth in the future.

**BUSINESS REVIEW, RESULTS FOR THE YEAR AND KEY PERFORMANCE INDICATORS**

We use the following key performance indicators (KPIs) to measure and track performance. Each KPI relates directly to our long-term strategy.

	2021	2020
	£m	£m
Revenue	217.2	195.9
Sales per working day (SPWD) increase/(decrease)	11.3%	(7.6%)
Gross margin % (Gross Profit / Turnover)	29.4%	29.3%
Sales, distribution and administration costs before exceptional items, as a percentage of sales	30.5%	33.9%
Operating loss	(8.5)	(14.5)
Exceptional loss	(6.2)	(5.5)
Adjusted operating loss before exceptional items	(2.3)	(9.0)
Depreciation and amortisation	3.9	3.8
Group management fees	8.4	11.1
EBITDA before group management fees and exceptional items	10.0	5.9
EBITDA as a % of revenue	4.6%	3.0%
Average FTE numbers (including directors)	1,102	1,140

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

**Revenue**

Revenue has increased by £21.3m to £217.2m, due to successfully winning new key account contracts and increasing sales volumes from existing contracts.

**Gross profit**

The Gross profit for the year was £64.0m (2020: £57.4m), with the gross margin increasing by 10 basis points to 29.4% (2020: 29.3%).

**SDA costs**

Total reported SDA (Sales, distribution and administrative) costs increased by £0.7m to £72.5m (2020: £71.8m). SDA before exceptional items have decreased as a proportion to revenue from 33.9% in 2020 to 30.5% in 2021. The company continues to review its management of these costs and savings initiatives.

**Exceptional items**

The 2021 exceptional costs of £6.2m (2020 £5.5m) recognised in arriving at operating loss comprises:

	2021	2020
	£m	£m
Headcount and other restructuring costs	2.4	3.1
Transformation and branding	0.6	1.1
Other exceptional costs	2.1	0.7
Acquisition costs	1.1	0.6
	<u>6.2</u>	<u>5.5</u>

Included within the operating loss are exceptional costs of £6.2m. Exceptional items include the ongoing restructuring and integration of the company within the Rubix Group, to transform the delivery of products and services to its customers. This restructuring and integration work is being conducted in a multi-year, phased approach across the groups geographical operations in order to minimise disruption to the business. The restructuring and integration programme includes the necessary upgrade to and alignment of the underlying ERP systems, the replacement and / or recruitment of senior roles to strengthen management teams across the group and the one-off rebranding costs to move onto the Rubix brand.

Costs of £2.4m have been incurred on restructuring and headcount reduction, all of which relate to direct people costs.

There were further exceptional costs of £0.6m relating to transformation and branding. This included re-branding to the Rubix group, Rubix 3.0 initiative, which is the new Rubix way of selling in a post Covid-19 world.

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

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During the year the company acquired the entire share capital of Compcare Compressed Air Limited, Haler Group Limited (now known as TDGL 1 Limited) and KJN Automation Limited resulting in acquisition costs of £1.1m.

Other exceptional costs totalled £2.1m. This included costs of onerous leases, establishment costs on closed branches and dilapidation costs on exiting branches.

**Adjusted operating loss before exceptional items**

The adjusted operating loss in the year was £2.3m (2020: £9.0m), with the year on year improvement primarily driven by higher revenue.

**Balance sheet**

The company's net assets position as at 31st December 2021 was £15.0m (2020: £11.1m), resulting from the profit in the year.

**Subsidiary undertakings**

The company has a 100% owned subsidiary, Rubix Island ehf (formerly known as Brammer Island ehf), located in Iceland which is responsible for the company's contracts in that country. The company also wholly owns Matrix Tooling Services Limited and Peter Campbell (Sales) Limited, both cutting tools and precision engineering services companies and Hydra Engineering Services Limited who manufacture and refurbish hydraulic cylinders. It also wholly owns Matara UK Limited, a company which manufactures fluid power equipment and Knowlton and Newman Limited, a machinery repair company.

On 30th June 2021, the company acquired the entire share capital of Compcare Compressed Air Limited, a supplier of compressed air solutions, which is registered in England.

On 16th September 2021, the company acquired the entire share capital of the Haler Group Limited, now renamed to TDGL 1 Limited, and its subsidiaries TDGL 2 Limited and The Deritend Group Limited, providers of engineering solutions, which are all registered in England.

On 22nd December 2021, the company acquired the entire share capital of K.J.N Automation Limited, a precision engineering company specialising in aluminium profiles, which is registered in England.

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

**PRINCIPAL RISKS AND UNCERTAINTIES**

A formal review of all commercial risks is performed on a six monthly basis by the senior leadership team review and this review informs the strategic direction pursued by the company. The principal risks affecting the company are considered below:

<b>Pandemic</b>		
<b>Risk</b>	<b>Strategic Importance</b>	<b>Controls and Mitigation</b>
<p>A continuation of the Covid-19 pandemic during 2022 could cause disruption to our employees', customers' and suppliers' businesses.</p> <p><b>Impact</b> The ability to maintain service levels to our customers may be lost and subsequently this would impact our results.</p>	<p>The company is dependent on its key suppliers in order to provide a high level of service to its customer base.</p>	<p>The company will continue to deploy the mitigations that it developed in response to the pandemic including remaining operational as a recognised essential business in all its countries, supporting customers by leveraging its strong and established supplier relationships, using technology to support both internal and external interactions, and conducting robust liquidity management.</p>
<b>Brexit</b>		
<b>Risk</b>	<b>Strategic Importance</b>	<b>Controls and Mitigation</b>
<p>The impact of the UK's exit from the EU continues to evolve and could cause supply issues.</p> <p><b>Impact</b> Increased supply chain complexity caused by cross border regulations and customs administration leading to delays in movement of goods, and the lack of free movement of key employees between the UK and the EU.</p>	<p>The business has built a supply chain which gives the ability to meet customer demands and maintain a high level of service to its customer base. The ability to source the right employees for the business is also critical in maintaining this.</p>	<p>The company planned extensively for the UK's exit from the EU by working with its suppliers and freight forwarders. Additional work has been done and is ongoing to ensure full compliance with import duty rules.</p>

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

**PRINCIPAL RISKS AND UNCERTAINTIES - continued**

<b>Loss of a major supplier</b>		
<b>Risk</b>	<b>Strategic Importance</b>	<b>Controls and Mitigation</b>
<p>The business is dependent on its key suppliers which it represents in a multi-brand environment to the customer base.</p> <p><b>Impact</b> The unforeseen withdrawal or loss of a major supplier could cause significant harm to the company's ability to service customers in the short term.</p>	<p>The overall business strategy includes leveraging the economies of scale from the wider group when purchasing, in order to provide better value for customers across the entire geographical footprint.</p>	<p>The relationship with strategic suppliers is mutually dependent and enhanced by our partnership approach to key accounts. In addition, concentrating spend with core suppliers enables favourable purchasing terms including rebates. A significant reduction of purchases in any one year can have an impact on rebates or pricing from suppliers. The business continues to invest time in maintaining strong relationships with its core suppliers and, due to the range of suppliers it deals with, the loss of any one supplier can be mitigated by moving spend to an alternative supplier. The business does not have dependency on any single supplier, with no supplier representing &gt; 4% of spend.</p>
<b>Loss of a major customer</b>		
<b>Risk</b>	<b>Strategic Importance</b>	<b>Controls and Mitigation</b>
<p>There is always a risk that the business loses a significant key account contract.</p> <p><b>Impact</b> The loss of significant numbers of key accounts could have an adverse effect on revenue growth and an impact on other focus areas of cross-selling opportunities. As a distributor in a fragmented market following the rebrand to Rubix, the company derives great benefits from its first-class reputation as an industry leader in its service offering to key accounts, which could be potentially damaged with significant losses of major customers.</p>	<p>A core part of the growth strategy for the business is a focus on winning and maintaining those significant customers it views as key accounts.</p>	<p>The business does not have dependency on any single customer, with no customer representing &gt; 7% of revenue. Key account customers are carefully monitored by the senior management team via regular reviews and reporting, and via a comprehensive group-wide key account strategy to ensure European-wide coordination where possible.</p>

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

**PRINCIPAL RISKS AND UNCERTAINTIES - continued**

**Expected benefits from Strategic Acquisitions may not be realised**

<b>Risk</b>	<b>Strategic Importance</b>	<b>Controls and Mitigation</b>
<p>Acquisitions involve a number of risks related to the performance of the acquired business and challenges arising from integration.</p> <p><b>Impact</b> If benefits from acquisitions are not realised, there could be an impact on forecasted performance and the potential for disruption to the underlying core business.</p>	<p>Part of the overall Rubix group strategy is growth through selective acquisitions.</p>	<p>Through a formal and well established acquisition strategy, potential targets are carefully researched prior to any purchase by an experienced M&amp;A team and are closely monitored by Rubix group senior management subsequent to acquisition.</p>

**Liquidity**

<b>Risk</b>	<b>Strategic Importance</b>	<b>Controls and Mitigation</b>
<p>A failure to maintain sufficient operational liquidity.</p> <p><b>Impact</b> The company would be unable to pay creditors on time, acquire new investments or service its debt service obligations.</p>	<p>Critical in supporting the growth strategy of the company and maintaining supplier relationships.</p>	<p>The company monitors detailed cash and liquidity positions across each country and maintains a rolling forecast of near-term and long-term requirements.</p>

**Climate Change**

<b>Risk</b>	<b>Strategic Importance</b>	<b>Controls and Mitigation</b>
<p>Disruption to the company business model and activities.</p> <p><b>Impact</b> Varied, from physical risks to a fundamental disruption to the MRO distributor business model, for example by regulatory restrictions to supply chain disintermediation.</p>	<p>Climate-related issues influence the company's business, strategy and financial planning.</p>	<p>The company supports a comprehensive Environmental, Social &amp; Governance (ESG) structure, with local COO ownership of ESG issues. There has been a formal materiality assessment to validate ESG issues that impact all stakeholders and the environment; identification of climate changes risks and opportunities and finally the setting of formal emission reduction targets as part of the broader ESG reporting.</p>

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

**PRINCIPAL RISKS AND UNCERTAINTIES - continued**

**Loss of infrastructure/systems**

Risk	Strategic Importance	Controls and Mitigation
<p>IT infrastructure and associated systems, including business ERPs, could fail to function in a timely and accurate fashion or be compromised by cyber attack.</p> <p><b>Impact</b> Failure of our IT infrastructure or key IT systems could result in loss of information, inability to operate effectively, financial or regulatory penalties and could adversely effect our reputation. As a distributor of products, key processes are in the area of inventory and order management, sales and delivery management and transactional record keeping, including financial books and records. A cyber attack could result in confidential databases including customer lists, price lists and sales data being stolen or misused intentionally.</p>	<p>The business strives to achieve a consistent level and quality of service across our businesses, functional and secure IT infrastructure, databases and systems are a fundamental requirement to achieve that.</p>	<p>As with most large organisations that depend on Information Technology for their day-to-day operations, there are disaster recovery plans in place such as overnight and real-time back-up systems in place and stored offsite which can be expected to mitigate the worst effects of such disruption.</p> <p>Integration teams continually work to develop group-wide solutions to business-critical processes which provide improved security and resilience against failure in the event that issues occur in our operations.</p> <p>Data security measures limit access to key infrastructure and there is contingency planning to minimise operational impacts. Information security policies are readily available to all employees in the company.</p>

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

**PRINCIPAL RISKS AND UNCERTAINTIES - continued**

<b>Loss of key employees</b>		
<b>Risk</b>	<b>Strategic Importance</b>	<b>Controls and Mitigation</b>
<p>There is a risk of inability to retain key employees across the group.</p> <p><b>Impact</b> The loss of key employees could lead to loss of information, damage to customer/supplier relationships and an inability to execute business strategy.</p>	<p>Key employees assist our ability to meet our key strategic targets.</p>	<p>The business regularly reviews its remuneration and succession plan arrangements to ensure that key managers are recognised and developed.</p> <p>Where appropriate, employment contracts contain relevant provisions regarding interaction with competitors and customers. Industry benchmarking and the use of external advisors form part of the recruitment process for key managers to ensure high calibre recruits to key roles.</p>

**COVID-19 PANDEMIC**

The global COVID-19 pandemic has been considered by the directors to have no material impact on the long term viability of the company. The company has carried out extensive risk and scenario planning, and has performed well during the period due to the proactivity of the company in enabling appropriate employee mobilisation, safe working practices, working with key suppliers and customers and effective cash management.

**Conflict in the Ukraine**

The company is mindful of the evolving situation in Ukraine. While the company has no sales to the Ukraine, limited values of products purchased by Rubix U.K. Limited are traditionally manufactured in the country, requiring alternative suppliers to be sourced. We continue to monitor developments and will react as appropriate.

The conflict in the Ukraine has added additional economic pressures to a world that has only begun to recover from the impact of the Covid-19 pandemic. Rising energy prices and general inflation during 2022 will challenge the Company but it will continue to work with its suppliers to ensure that any price increases to customers are minimised.

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)**

The company is committed to ensuring that its business model creates value for stakeholders in a socially and environmentally responsible manner, with the highest ethical and sustainable business standards applied across its value chain.

The company has established a clear governance structure to deliver its ESG strategy. Supported by the Group, the company and its Directors drive ESG-related data collection processes, identifying, prioritising and advancing the adoption of ESG initiatives and improvement measures.

Relevant details of the Group's ESG progress are given in the 2021 Rubix Limited Annual Report and Consolidated Financial Statements.

**ESG Policy Framework**

The company's ESG strategy is supported by the compliance and policy framework that includes the company's and Group's Code of Conduct and Ethics for employees and business partners, Human Rights, Anti Bribery and Corruption, and Health and Safety practices.

*Human rights and business ethics*

The company is committed to acting with honesty, integrity and the highest ethical standards, and in compliance with all applicable local and international legislation, as set out in the company's and Group's Code of Conduct and Ethics.

The company is committed to upholding and respecting human rights and since 2016 has been a full signatory to the United Nations Global Compact (UNGC), thus respecting the ten principles of the UNGC on human rights, labour, environment and anti-corruption. This includes the commitment to report transparently on the implementation of the ten principles.

The company endeavours to select suppliers who adopt high ethical standards which are consistent with the company's corporate beliefs and values. The company expects its suppliers (and their subcontractors) to operate their businesses and conduct employee relations in an ethical manner and to meet the requirements stipulated by both international and regional laws and industry standards.

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**ESG Policy Framework (continued)**

*Environment*

It is the policy of the company, so far as is reasonably practicable, to protect and conserve the local and wider environment from any adverse impacts caused by its operations and to take all reasonable steps to reduce its impact upon the environment, including reducing its carbon footprint through reducing energy consumption and proactive waste management.

Employees are provided with relevant environmental training and awareness, to meet all relevant legislative requirements on environmental issues and ensure that all contractors follow company practices while working on site and respond promptly and efficiently to adverse incidents.

As part of this commitment the company has achieved ISO quality certifications for: quality management ISO 9001, environmental certification ISO 14001 and health and safety certification ISO 45001.

*Health and Safety*

The company strives to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation. The company encourages the involvement of employees in health and safety matters and aims for continual improvement through a formal structure incorporating a training, reporting and review process that ensures every employee of the company is aware of methods to prevent accidents and, if they happen, to deal with them in an appropriate manner. Mandatory health and safety awareness training is provided to all employees through the Rubix Academy, with specialist training also made available to employees engaged in roles that involve activities such as heavy lifting and machine operation.

The company aims to minimize the risk of workplace accidents by ensuring that policies, systems and processes are in place to address the health and safety of its employees. Company entities collect data (total incidents, lost time, injury frequency rate, etc.) to track the development and improvements in safety measures.

In order to achieve best practice across all its operations, compliance with health and safety policies and legislation is monitored and discussed in the company's monthly business reviews.

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a variety of financial risks including market risk, credit risk, price risk and cash flow and liquidity risk. We actively participate in Rubix group's overall risk management programme which focuses on the unpredictability of financial markets and which seeks to minimise the potential adverse effects on the company's financial performance. Market risk is mitigated by ensuring the business continues to supply a diverse range of sectors. The company frequently enters into contracts with both customers and suppliers agreeing fixed price terms as a means to combat price risk. The company has no significant concentrations of credit risk. It has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Management implement controls to manage these risks and have a continual review and improvement process. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Rubix treasury aims to maintain flexibility in funding by keeping committed credit lines available and monitoring the cash flow position for all group entities.

**COMMERCIAL RISK REVIEW**

The company is dependent on its key suppliers which it represents in a multi-brand environment to Rubix U.K. Limited's existing customer base. The relationship with strategic suppliers is mutually dependent and enhanced by our partnership approach to key accounts. The company is continuing to secure additional support for its efforts to increase market share and is confident any withdrawal could be sourced from another supplier.

In the event of a loss of infrastructure or systems or cyber attack, the company has backup systems in place which can be expected to mitigate the worst effects of such disruption. The company continually works to develop improved resilience against failure in our key processes: stock and order management, sales and delivery management and transactional record keeping, including financial books and records. Through technical and administrative controls, access to key infrastructure and databases are limited, to safeguard sensitive and Commercial information.

Acquisitions involve a number of risks related to the performance of the acquired business and challenges arising from integration. Potential acquisitions are carefully researched prior to any purchase and closely monitored by Rubix U.K. Limited's management subsequent to acquisition.

To ensure continuity and maximise our competitive advantage the company remains committed to a number of incentive schemes linked to the group's results, which have been designed to retain key managers.

**FUTURE DEVELOPMENT**

Focus will continue in 2022 on delivering key account growth, developing our product categories, limiting the impact of our operations on the environment, creating cross-selling opportunities with group companies and acquisitions, increasing our penetration of digital channels, as well as accelerating this growth through selective acquisitions. Rubix group's continued support, together with our robust cash and financing position, give us a strong platform to achieve this growth.

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**POST BALANCE SHEET EVENTS**

On 25 January 2022, the company acquired the entire share capital of West Country Tool Company Limited, a supplier of specialist tooling, which is registered in England.

With effect from 1 September 2022, the name of the company was changed from Brammer UK Limited to Rubix U.K. Limited.

**SECTION 172 STATEMENT**

The directors have acted in a way that they considered, in faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster and develop the company's business relationships with suppliers, customers and others; and
- the desirability of the company maintaining a reputation for high standards of business conduct, in line with wider group practices.

The directors have also considered the views and interests of a wider set of stakeholders, including regulators, government and non-government organisations. Considering and balancing this broad range of interests is an important part of the way the directors make decisions.

**Engagement with stakeholders**

The size and distribution of our stakeholders means that stakeholder engagement often takes place at an operational level. The directors consider and discuss information from across the organisation to help them understand the impact of company operations, and the interests and views of our key stakeholders. They also review strategy, financial and operational performance, as well as information covering areas such as key risks and legal and regulatory compliance. This information is provided to the directors through reports sent in advance of each directors meeting, and through in-person presentations. As a result of these activities, the directors have an overview of engagement with stakeholders, and other relevant factors, which enables them to comply with their duty under section 172 of the Companies act 2006.

**Engagement in action**

The following are some examples of how the directors have performed their duties as outlined in Section 172(10(a):(f).

**Interests of the company's employees:**

The company's policies and action in relation to employee engagement, employee development and health and safety are detailed in the report of the directors on page 16.

STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**Business relationship:**

We use a variety of sources to gauge the needs of our customers including a group-wide customer survey. The aim of this survey is to understand and quantify our customers' view in relation to our performance, and to measure our performance and level of improvement compared with last year's results. Appropriate action plans are subsequently put into place, including follow up communication with customers.

**ON BEHALF OF THE BOARD:**



.....  
V M B McGurk - Director

Date: 22 December 2022

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their report with the audited financial statements of the company for the year ended 31 December 2021.

**DIVIDENDS**

No dividend was paid or proposed during the current or previous financial year. No final dividend is proposed for the financial year.

**DIRECTORS AND THEIR INTERESTS**

No director was materially interested in any contract of significance with the company during the year.

**POLICY AND PRACTICE ON PAYMENT OF CREDITORS**

It is the company's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions.

**FINANCIAL RISK MANAGEMENT**

This has been disclosed in the strategic report on page 12.

**FUTURE DEVELOPMENTS**

This has been disclosed in the strategic report on page 12.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in note 23 of the financial statements.

**DIRECTORS**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

V M B McGurk (Appointed on 18 January 2022)

H S Shaw (Appointed on 17 December 2021)

C G Parker (Resigned on 4 February 2022)

M R G Dixon (Resigned on 21 January 2022)

**DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITIES**

The company's intermediate parent company, Rubix Group International Limited, purchased and maintained throughout the financial year third party Directors' and Officers' liability insurance ('D&O Insurance') for directors and officers of itself and all direct and indirect subsidiaries of Rubix Limited (from time to time) including Rubix U.K. Limited. The D&O Insurance gives appropriate cover for certain legal action brought against the directors and officers of the company to the extent permitted by the law.

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITIES - continued**

The directors also have the benefit of the indemnity provision contained in the company's articles of association which is a qualifying indemnity provision within the meaning of Section 234 Company's Act 2006 and individual deeds of indemnity from the company. This indemnity provision was in force throughout the financial year and up to the date of approval of these financial statements.

**RESEARCH AND DEVELOPMENT**

The company provides technical solutions for our customers in pursuit of new products and improved quality, competitiveness, performance and profitability. This research and development expenditure is not material in relation to the size of the company and is charged to the Income Statement as it is incurred except for expenditure of a capital nature, subject to any potential R&D tax credit claims.

**CUSTOMERS**

The company's customers are some of the biggest companies in their sectors. These sectors include food, drink and consumer, automotive, metals, business services, chemicals, packaging, aerospace and pharmaceutical. For these customers, we help drive their business forward by supporting their need for profitability, productivity, quality and consistency. In addition, we work with our customers to reduce complexity in their supply chain and improve the control and transparency of their MRO activity and spend.

Key account customers are monitored by the senior management team via regular reviews and reporting, and via comprehensive group-wide key account strategy to ensure European-wide coordination where possible.

**SUPPLIERS**

The company is dependant on its key suppliers which it represents in a multi-branded environment to the existing customer base. The relationship with strategic suppliers is mutually dependent and enhanced by the company's approach to key accounts. In addition, concentrating spend with core suppliers enables favourable purchasing terms including rebates. The company has access to an extensive range of global suppliers with whom it invests time in maintaining strong relationships.

**EMPLOYEES**

The most important factor in the consistent delivery of high quality service to our customers is our people. To ensure we maintain the highest service levels we continue to invest in training and development programmes, recruitment and staff induction and recognition programmes. We conduct a regular employee engagement survey to measure the return on investment in people development and the level of *job satisfaction and company engagement*. *Communication with employees has been strengthened* through use of Yammer, an internal social network and an employee forum with representatives from various departments and training through the Rubix group academy. Employee engagement is further improved by a discretionary bonus incentive scheme tied to financial performance and personal objectives for select employees. The directors have further engaged with employees by working within their relevant streams across the business and are actively involved in day to day reporting and running of the business.

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**EMPLOYEES - continued**

All employees directly receive regular updates on the performance and developments of the company, including weekly Yammer updates, announcements on organisational changes and acquisitions, team briefings and employee broadcasts by both the company and Rubix group. In addition to employee forums and the cascade of feedback up through the business, an annual employee survey measures engagement. The results of the employee survey are shared with all teams, who then taken responsibility for taking actions to promote and improve future employee engagement.

**EMPLOYMENT OF DISABLED PERSONS**

It is the policy of the company to give full and fair consideration to applications for employment received from disabled persons, having regard to their aptitude and abilities; and whenever possible to continue the employment of, and arrange appropriate training for, employees who have become disabled during the period of their employment. The company provides the same opportunities for training, career development and promotion for disabled persons as for other employees.

**STATEMENT OF ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS  
RELATIONSHIP WITH THE COMPANY**

Further details can be found in the Engagement with stakeholders' section of the strategic report, page 13.

**OVERSEAS BRANCHES**

The company has no overseas branches at the reporting date, nor were any in existence during the year.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**DIRECTORS' RESPONSIBILITIES STATEMENT - continued**

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 them to ensure that the financial statements comply with the Companies Act 2006.

**STREAMLINED ENERGY AND CARBON REPORTING (SECR)**

The company has taken advantage of the SECR reporting exemption on the basis that this is reported by the company's ultimate parent undertaking, Rubix Limited.

**GOING CONCERN BASIS**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

This conclusion is based on a review of the resources available in the Rubix group, of which the company is part. This conclusion takes into account the group's financial projections together with available cash and committed borrowing facilities, and the covenants applicable to those bank facilities. In reaching this conclusion, the directors have considered the magnitude of potential impacts resulting from uncertain future events or changes in market conditions, the likelihood of their occurrence and the likely effectiveness of mitigating actions that the directors would consider undertaking. The group's forecasts and projections show that the group is well placed to operate within the level of its current facilities. Further comfort has also been taken from a letter of support in place from Rubix Limited.

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS**

In accordance with Section 418 of the Companies Act 2006, each director in office at the date of the report of the directors, confirms that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



.....  
V M B McGurk - Director

Date: 22 December 2022

# Independent auditors' report to the members of Rubix U.K. Limited (formerly Brammer UK Limited)

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## Report on the audit of the financial statements

### Opinion

In our opinion, Rubix U.K. Limited (formerly Brammer UK Limited)'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

# Independent auditors' report to the members of Rubix U.K. Limited (formerly Brammer UK Limited)

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## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have 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 an auditors' report 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.

# Independent auditors' report to the members of Rubix U.K. Limited (formerly Brammer UK Limited)

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Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to increase revenue or reclass expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory framework applicable to the Company and how the Company is complying with that framework;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries. In particular any journal entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Review of meeting minutes of those charged with governance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Clare Hyner (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
22 December 2022

INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	£'000	2021 £'000	£'000	2020 £'000
<b>TURNOVER</b>	3		<b>217,235</b>		195,925
Cost of sales			<u>(153,285)</u>		<u>(138,525)</u>
<b>GROSS PROFIT</b>			<b>63,950</b>		57,400
Distribution costs		(48,975)		(49,042)	
Administrative expenses		(23,524)		(24,429)	
Other operating income - CJRS Grant		<u>22</u>		<u>1,646</u>	
			<u>(72,477)</u>		<u>(71,825)</u>
<b>Operating loss before exceptional items</b>			<b>(2,330)</b>		(8,969)
Exceptional items	6		(6,197)		(5,456)
<b>Operating loss after exceptional items</b>			<b>(8,527)</b>		(14,425)
<b>OPERATING LOSS</b>	5		<b>(8,527)</b>		(14,425)
Income from shares in group undertakings	7		6,999		-
Interest receivable and similar income	8		274		177
Interest payable and similar expenses	9		<u>(1,734)</u>		<u>(800)</u>
<b>LOSS BEFORE TAXATION</b>			<b>(2,988)</b>		(15,048)
Tax on loss	10		<u>6,912</u>		<u>2,603</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>			<b><u>3,924</u></b>		<b><u>(12,445)</u></b>

The notes on pages 26 to 50 form an integral part of these financial statements

BALANCE SHEET  
31 DECEMBER 2021

	Notes	£'000	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>				
Intangible assets	11		4,214	4,952
Tangible assets	12		8,038	7,755
Investments	13		<u>65,939</u>	<u>44,555</u>
<b>TOTAL FIXED ASSETS</b>			<b>78,191</b>	<b>57,262</b>
<b>CURRENT ASSETS</b>				
Stocks	14	22,844		20,641
Debtors	15	47,129		32,402
Cash at bank and in hand		<u>5,067</u>		<u>10,560</u>
		<b>75,040</b>		<b>63,603</b>
<b>CREDITORS</b>				
Amounts falling due within one year	16	<u>(93,256)</u>		<u>(69,572)</u>
<b>NET CURRENT LIABILITIES</b>			<b>(18,216)</b>	<b>(5,969)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>59,975</b>	<b>51,293</b>
<b>CREDITORS</b>				
Amounts falling due after more than one year	17		<u>(42,434)</u>	<u>(38,620)</u>
<b>PROVISIONS FOR LIABILITIES</b>	18		<u>(2,502)</u>	<u>(1,558)</u>
<b>NET ASSETS</b>			<b><u>15,039</u></b>	<b><u>11,115</u></b>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	19		147	147
Share premium account			41,188	41,188
Accumulated losses			<u>(26,296)</u>	<u>(30,220)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>			<b><u>15,039</u></b>	<b><u>11,115</u></b>

The financial statements on pages 23 to 50 were approved by the Board of Directors and authorised for issue on 22 December 2022 and were signed on its behalf by:

  
.....  
V M B McGurk - Director

The notes on pages 26 to 50 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

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	Called up share capital £'000	Accumulated losses £'000	Share premium account £'000	Total equity £'000
<b>Balance at 1 January 2020</b>	147	(17,775)	41,188	23,560
<b>Changes in equity</b>				
Loss for the financial year	-	(12,445)	-	(12,445)
<b>Balance at 31 December 2020</b>	<b>147</b>	<b>(30,220)</b>	<b>41,188</b>	<b>11,115</b>
<b>Changes in equity</b>				
Profit for the financial year	-	3,924	-	3,924
<b>Balance at 31 December 2021</b>	<b>147</b>	<b>(26,296)</b>	<b>41,188</b>	<b>15,039</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**1. GENERAL INFORMATION**

With effect from 1 September 2022, the name of the company was changed from Brammer UK Limited to Rubix U.K. Limited. Rubix U.K. Limited is a private company limited by shares incorporated and registered in the UK. It is a wholly owned subsidiary of Rubix International Limited. The address of the registered office of Rubix U.K. Limited is Dakota House, Concord Business Park, Manchester, M22 0RR. Rubix Limited is the parent of the Group in whose consolidated financial statements Rubix U.K. Limited's financial statements are consolidated. Copies of these consolidated financial statements can be obtained from the Company's registered office at Accurist House, 44 Baker Street, London, England, W1U 7AL.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom, FRS 102, which has been consistently applied, and the Companies Act 2006. The preparation of the financial statements in conformity with FRS 102, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in the Key accounting estimates and judgements section of the Accounting policies, on pages 32-33.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statement are rounded to the nearest £1,000.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Going concern**

The directors believe that preparing financial statements on the going concern basis is appropriate due to the continued financial support of Rubix Limited. The directors have received a letter of support confirming Rubix Limited intends to support the company for at least twelve months after these financial statements are signed.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The company has taken advantage of the following exemptions on the basis that the information is included in the consolidated financial statements of Rubix Limited:

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. ACCOUNTING POLICIES - continued**

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements to present a reconciliation of the number of shares at the beginning and end of the accounting year;
- the requirements of Section 33 Related Party Disclosure paragraph 33.7;
- the requirements to disclose key management personnel compensation in total; and
- the requirement to report under SECR framework.

**Turnover**

Turnover comprises the invoiced value for the sale of goods and services net of value-added tax, customer rebates and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownerships of the goods are transferred to the buyer, which is usually on despatch or issued from a vending machine.

**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net assets of the acquired subsidiary at the date of acquisition.

Goodwill is amortised over its expected useful life. Where the company is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and this is charged to the Income Statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

**Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable software systems operated by the company and will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of direct overheads.

Expenditure which enhances or extends the performance of identifiable software systems beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 7 years.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided by equal annual instalments to write off the cost of fixed assets net of residual value over their estimated lives.

In general the lives of the assets have been estimated as follow:

Land and buildings - Freehold properties	individually - subject to a maximum of 50 years
Land and buildings - Leasehold properties	10 - 15 years
Plant, equipment and vehicle	5 - 10 years

Tangible assets are stated at historical cost net of depreciation. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use.

No depreciation is provided on freehold land.

**Leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

**Investments in subsidiaries**

Investments in subsidiary undertakings are shown at cost subject to provision for impairment in valuation. Investments are reviewed annually for impairment.

**Stocks**

Stocks are stated at the lower of cost, determined on a weighted average cost formula, and net realisable value. Cost of stock represents material and a proportion of procurement overheads. Provisions are made for slow moving and obsolete items. Net realisable value is estimated selling price in the ordinary course of business, less selling expenses.

**Trade debtors**

Trade debtors are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the best estimate of the amount recoverable. Trade receivables are derecognised when sold under a non-recourse factoring agreement and substantially all of the risks and rewards of ownership of the receivable have transferred.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. ACCOUNTING POLICIES - continued**

**Trade creditors**

Trade creditors are non-interest bearing and are stated at their nominal value. Trade creditors are initially recognised at fair value and subsequently held at amortised cost.

**Financial instruments**

The company has elected to apply Section 11 and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income Statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income Statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. ACCOUNTING POLICIES - continued**

Trade payables are obligations to pay for goods or service that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Income from shares in group undertakings**

Dividends from group undertakings are recognised in the profit and loss when the right to receive payment is established.

**Interest receivable and similar income**

Interest receivables reflect interest received from third party and inter-companies on loans and current accounts.

**Interest payable and similar expenses**

Interest costs comprise interest payable on third party and inter-company debt and overdrafts, and costs associated with the debt factoring arrangements.

**Employee benefits**

A defined contribution scheme is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior years. Contributions are charged to the income statement in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. ACCOUNTING POLICIES - continued**

**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.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Deferred tax assets are regarded as recoverable and recognised in the financial statements, when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board. Deferred tax assets and liabilities are not discounted.

Deferred tax has been presented as a current asset on the face of the Balance Sheet in line with the provisions under SI 2008/410 1 Sch 1A (1).

**Research and developments**

All expenditure on research and development is charged against profits in the year except expenditure of a capital nature which is capitalised and depreciated as noted above.

**Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the Balance Sheet date.

The exchange differences on translation of net assets employed are dealt with through the Income Statement.

**Share capital**

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. ACCOUNTING POLICIES - continued**

**Consolidation**

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements, as these are prepared by the company's ultimate parent undertaking, Rubix Limited.

**Government grants**

Government grants are recognised when the company intends to comply with the conditions related to them and when received. Grants related to employee benefits are recognised in the Income Statement as Other operating income.

**Exceptional items**

Material items of income and expense are disclosed separately. Exceptional items are items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the company's financial performance.

Exceptional items include costs associated with the ongoing restructure and integration of the legacy IPH and Brammer groups in to a single, combined Rubix group. The restructuring and integration programme includes the upgrade of ERP systems, replacement and / or recruitment of senior management roles and rebranding. This restructuring and integration work seeks to achieve the benefits of bringing the two legacy groups together, and is being conducted in a multi-year, phased approach across the groups geographical operations in order to minimise disruption to the business.

**Key accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and judgements concerning the future. The resulting estimates may not equal the related actual results.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. ACCOUNTING POLICIES - continued**

*Estimates:*

The following critical accounting estimates involve a higher degree of judgement or complexity, or are areas where assumptions are significant to the financial statements. These critical accounting estimates are the major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year.

**(a) Deferred tax**

Deferred tax assets are recognised on losses and capital allowances carried forward only to the extent that it is probable that they will be available to use against future profits and that there will be sufficient future taxable profit against which the temporary differences can be utilised. In arriving at a judgement in relation to the recognition of deferred tax assets, management considers the regulation applicable to taxation and whether there are likely to be sufficient future taxable profits.

**(b) Valuation of inventory**

The company's inventory is stated at the lower of cost and net realisable value, with net realisable value being the estimated selling price in the ordinary course of business, less selling expenses. Provisions are made for slow moving and obsolete items, by reference to provisioning rules on a line by line basis considering the level of inventory holding and the recent sales history. There is a degree of judgement required in determining the level of provision required.

*Judgements:*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately above), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised and presented in the financial statements.

**(a) Classification of exceptional items**

Certain items of income and expense are classified as exceptional items due to their nature or size and are presented separately on the face of the Income Statement to provide a better understanding of the company's financial performance. Exceptional items are excluded from underlying performance measures to present a more meaningful measure of the underlying performance of the business. There is a degree of judgement in determining whether costs meet the definition of exceptional items.

**(b) Derecognition of trade receivables sold under non-recourse debt factoring agreements**

Trade receivables are sold under a debt factoring agreement which has been assessed as a non-recourse scheme and as such the sold receivables have been derecognised in the Balance Sheet. There is a degree of judgement in assessing whether the risks and rewards of the trade receivables have been transferred to the factoring partner.

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NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

**3. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company, the sale of goods.

An analysis of turnover by geographical market is given below:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	216,800	194,002
Rest of Europe	294	1,726
Rest of World	141	197
	<u>217,235</u>	<u>195,925</u>

**4. EMPLOYEES AND DIRECTORS**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments		
Aggregate emoluments	<u>743</u>	<u>578</u>
Highest paid director		
Aggregate emoluments	<u>514</u>	<u>395</u>

Pension contributions made on behalf of the directors in the year were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
All directors	64	63
Highest paid director	48	48

The number of directors to whom retirement benefits were accruing was as follow:

	<b>2021</b>	<b>2020</b>
Money purchase schemes	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

**4. EMPLOYEES AND DIRECTORS - continued**

Aggregate emoluments of employees, excluding directors, were:

	2021 £'000	2020 £'000
Wages and salaries	32,890	31,591
Social security costs	3,247	3,395
Other pension costs	<u>1,965</u>	<u>1,985</u>
	<u>38,102</u>	<u>36,971</u>

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

	2021	2020
Marketing, selling and distribution	994	1,039
Administration	<u>108</u>	<u>101</u>
	<u>1,102</u>	<u>1,140</u>

**5. OPERATING LOSS**

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

	2021 £'000	2020 £'000
Depreciation - owned assets	1,464	1,234
Loss/(Profit) on disposal of fixed assets	403	(13)
Goodwill amortisation	1,388	1,656
Computer software amortisation	1,047	865
Auditors' remuneration for audit services	116	121
Group management fees	8,448	11,119
Other income - CJRS Grant	(22)	(1,646)
Provision / (Reversal of provision) for impairment of inventories	103	(861)
(Reversal) / Provision for impairment of trade debtors	(266)	89
Operating leases for vehicles and property	<u>3,798</u>	<u>4,841</u>

There were no fees for non-audit services (2020: £NIL) paid to the company's auditors in the year.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

**6. EXCEPTIONAL ITEMS**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Headcount and other restructuring costs	2,449	3,045
Transformation and branding	613	1,137
Acquisition costs	1,059	599
Other exceptional costs	<u>2,076</u>	<u>675</u>
	<u><b>6,197</b></u>	<u><b>5,456</b></u>

Exceptional items include the ongoing restructuring and integration of the company within the Rubix Group, to transform the delivery of products and services to its customers. This restructuring and integration work is being conducted in a multi-year, phased approach across the groups geographical operations in order to minimise disruption to the business. The restructuring and integration programme includes the necessary upgrade to and alignment of the underlying ERP systems, the replacement and / or recruitment of senior roles to strengthen management teams across the group and the one-off rebranding costs to move onto the Rubix brand.

Costs of £2,449k have been incurred on restructuring and headcount reduction, all of which relate to direct people costs.

There were further exceptional costs of £613k relating to transformation and branding. This included re-branding to the Rubix group, Rubix 3.0 initiative, which is the new Rubix way of selling in a post Covid-19 world.

During the year the company acquired the entire share capital of Compcare Compressed Air Limited, Haler Group Limited and KJN Automation Limited resulting in acquisition costs of £1,059k.

Other exceptional costs totalled £2,076k, including the costs of onerous leases, establishment costs on closed branches and dilapidation costs on exiting branches.

<b>7. INCOME FROM SHARES IN GROUP UNDERTAKINGS</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Dividends from subsidiaries	<u>6,999</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

8. INTEREST RECEIVABLE AND SIMILAR INCOME	2021 £'000	2020 £'000
Group interest receivable	210	177
Other income	64	-
	<u>274</u>	<u>177</u>
9. INTEREST PAYABLE AND SIMILAR EXPENSES	2021 £'000	2020 £'000
Group interest payable	839	-
Bank and other interest payable	191	8
Debt factoring related costs	704	399
Holding company loan payable	-	393
	<u>1,734</u>	<u>800</u>
10. TAX ON LOSS		
<b>Analysis of the tax credit</b>		
The tax credit on the loss of the year was as follows:		
	2021 £'000	2020 £'000
Current tax:		
UK corporation tax	(1,317)	(507)
Adjustment in respect of prior years	854	114
	<u>(463)</u>	<u>(393)</u>
Deferred Tax:		
Current year	(816)	(1,460)
Adjustment in respect of prior years	(1,377)	284
Impact of change to future tax rate	(4,256)	(1,034)
Total Deferred tax (note 18)	<u>(6,449)</u>	<u>(2,210)</u>
Tax on loss	<u>(6,912)</u>	<u>(2,603)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

**10. TAX ON LOSS - continued****Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is lower (2020: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Loss before tax	<u>(2,988)</u>	<u>(15,048)</u>
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(568)	(2,859)
Effects of:		
Expenses not deductible for tax purposes	(212)	255
Dividend income	(1,330)	-
Unrecognised tax losses in the year	-	637
Adjustment to future tax rate	(4,279)	(1,034)
Adjustment in respect of prior years	(523)	398
Total tax credit	<u>(6,912)</u>	<u>(2,603)</u>

**Tax rate changes**

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

**11. INTANGIBLE ASSETS**

	<b>Goodwill</b> £'000	<b>Computer software</b> £'000	<b>Totals</b> £'000
<b>Cost</b>			
At 1 January 2021	23,160	7,005	30,165
Additions	108	1,730	1,838
Disposals	-	(473)	(473)
	<u>23,268</u>	<u>8,262</u>	<u>31,530</u>
<b>ACCUMULATED AMORTISATION</b>			
At 1 January 2021	21,779	3,434	25,213
Amortisation for year	1,388	1,047	2,435
Disposals	-	(332)	(332)
	<u>23,167</u>	<u>4,149</u>	<u>27,316</u>
<b>NET BOOK VALUE</b>			
At 31 December 2021	<u>101</u>	<u>4,113</u>	<u>4,214</u>
At 31 December 2020	<u>1,381</u>	<u>3,571</u>	<u>4,952</u>

The goodwill is amortised over a useful life of 10 years and is recognised within administrative expenses.

Computer software within Intangible assets contains both the direct staff costs of the software development team and the costs of the software.

Computer software is amortised over a useful life of 7 years and is recognised within administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

12. TANGIBLE ASSETS

	Land and buildings £'000	Plant, equipment and vehicles £'000	Totals £'000
<b>COST</b>			
At 1 January 2021	13,958	13,390	27,348
Additions	445	1,752	2,197
Disposals	<u>(1,530)</u>	<u>(734)</u>	<u>(2,264)</u>
At 31 December 2021	<u>12,873</u>	<u>14,408</u>	<u>27,281</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2021	8,473	11,120	19,593
Charge for year	683	781	1,464
Eliminated on disposal	<u>(1,163)</u>	<u>(651)</u>	<u>(1,814)</u>
At 31 December 2021	<u>7,993</u>	<u>11,250</u>	<u>19,243</u>
<b>NET BOOK VALUE</b>			
At 31 December 2021	<u>4,880</u>	<u>3,158</u>	<u>8,038</u>
At 31 December 2020	<u>5,485</u>	<u>2,270</u>	<u>7,755</u>

The net book value of land and buildings comprises:

	2021 £'000	2020 £'000
Freehold	1	1
Leasehold	<u>4,879</u>	<u>5,484</u>
	<u>4,880</u>	<u>5,485</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

**12. TANGIBLE ASSETS - continued****Capital commitments**

There are capital commitments of £133k (2020 - £150k) for which contracts have been placed.

**Operating lease commitments**

The company was committed to minimum annual lease payments as follows:

	2021 £'000	2020 £'000
<b>Property</b>		
Within one year	2,912	2,752
Between one and five years	8,578	8,497
After five years	<u>4,763</u>	<u>5,591</u>
	<u>16,253</u>	<u>16,840</u>
<b>Other</b>		
Within one year	1,648	1,035
Between one and five years	<u>3,344</u>	<u>2,237</u>
	<u>4,992</u>	<u>3,272</u>

**13. INVESTMENTS**

	Shares in group undertakings £'000
<b>COST</b>	
At 1 January 2021	44,555
Additions	<u>21,384</u>
At 31 December 2021	<u>65,939</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>65,939</u>
At 31 December 2020	<u>44,555</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

**13. INVESTMENTS - continued**

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Rubix Island ehf (formerly known as Brammer Island ehf)**

Registered office: Hlidasmari 12, 200 Kopavogur, Iceland

Nature of business: Cutting tools and precision engineering

	%
Class of shares:	holding
Equity	100.00

**Matrix Tooling Services Limited**

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Cutting tools and precision engineering

	%
Class of shares	holding
Equity	100.00

**Peter Campbell (Sales) Limited**

Registered office: Abercorn House 79 Renfrew Road, Paisley, Scotland, PA3 4DA

Nature of business: Cutting tools and precision engineering

	%
Class of shares:	holding
Equity	100.00

**Hydra Engineering Services Limited**

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Machining

	%
Class of shares:	holding
Equity	100.00

**Matara UK Limited**

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Manufacture of fluid power equipment

	%
Class of shares:	holding
Equity	100.00

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**13. INVESTMENTS - continued**

**Knowlton and Newman Limited**

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Repair of machinery

	%
Class of shares:	holding
Equity	100.00

**Compcare Compressed Air Limited**

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Compressed air solutions

	%
Class of shares:	holding
Equity	100.00

**TDGL 1 Limited (formerly known as Haler Group Limited)**

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Engineering solution

	%
Class of shares:	holding
Equity	100.00

**K.J.N Automation Limited**

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Machining and precision engineering

	%
Class of shares:	holding
Equity	100.00

**TDGL 2 Limited (formerly known as Hale Group Limited)**

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Engineering solution

	%
Class of shares:	holding
Equity	100.00

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**13. INVESTMENTS - continued**

**The Deritend Group Limited**

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Engineering solution

Class of shares:	% holding
Equity	100.00

The directors believe that the carrying value of the investments is supported by their underlying net assets.

On 30th June 2021, the company acquired the entire share capital of Compcare Compressed Air Limited, a supplier of compressed air solutions, which is registered in England. Consideration and directly attributable costs totalled £4.6m for the acquisition, of which, £0.8m is contingent upon certain performance criteria being met.

On 16th September 2021, the company acquired the entire share capital of the Haler Group Limited, now renamed to TDGL 1 Limited, and its subsidiaries TDGL 2 Limited and The Deritend Group Limited, providers of engineering solutions, which are all registered in England. Consideration and directly attributable costs totalled £5.9m for the acquisition, of which, £0.2m is contingent upon certain performance criteria being met.

On 22nd December 2021, the company acquired the entire share capital of K.J.N Automation Limited, a precision engineering company specialising in aluminium profiles, which is registered in England. Consideration and directly attributable costs totalled £10.6m for the acquisition, of which, £1.2m is contingent upon certain performance criteria being met.

An additional £0.2m investment value in Matara UK Limited was recognised during February 2021 after agreement was reached on the value of its completion accounts.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

**14. STOCKS**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Goods for resale	<u>22,844</u>	<u>20,641</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Inventories are stated after provisions for impairment of £3,091k (2020 - £2,988k).

**15. DEBTORS**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	10,077	9,175
Amounts owed by group undertakings - Loans	11,538	9,713
Amounts owed by group undertakings - Trade	6,338	1,251
Deferred tax asset (note 18)	17,734	11,285
Prepayments and accrued income	<u>1,442</u>	<u>978</u>
	<u>47,129</u>	<u>32,402</u>

Trade debtors are stated after provisions for impairment of £188k (2020 - £454k).

Amounts owed by group undertakings include group loans which accrue interest at 0.1% plus 3M SONIA rate. The loans are revolving 12 month credit facilities which are repayable on demand by the lender.

On 3 August 2018 the company entered into a debt factoring arrangement with Facto France SA. This created a fixed and floating charge over the underlying book debts (Trade debtors) of the company that have been subject to factoring.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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

	2021	2020
	£'000	£'000
Factored debts	3,748	6,874
Trade creditors	34,582	26,695
Amounts owed to group undertakings - Loan	4,300	4,300
Amounts owed to group undertakings - Trade	40,994	25,273
Taxation and social security	2,479	5,018
Other creditors	905	483
Other creditors - contingent consideration	5,150	-
Accruals and deferred income	1,098	929
	<u>93,256</u>	<u>69,572</u>

Amounts owed to group undertakings accrue interest at 2.85% plus 3M SONIA rate. The loan is an unsecured revolving 12 month credit facility which is repayable on demand by the lender.

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021	2020
	£'000	£'000
Amounts owed to group undertakings - Loan	40,914	33,270
Other creditors - contingent consideration	1,520	5,350
	<u>42,434</u>	<u>38,620</u>

Amounts owed to group undertakings are unsecured, have no fixed date of repayment, and incur interest at a rate on a calculated daily basis equivalent to 2.85% above 3M SONIA rate.

**18. PROVISIONS FOR LIABILITIES**

	2021	2020
	£'000	£'000
Dilapidation provisions	1,470	1,558
Onerous contract provisions	1,032	-
	<u>2,502</u>	<u>1,558</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

**18. PROVISIONS FOR LIABILITIES - continued**

	Dilapidation provisions £'000	Onerous contract provisions £'000	Deferred tax £'000
Balance at 1 January 2021	1,558	-	(11,285)
Credit / (Debit) to Income Statement during year	(88)	1,032	(6,449)
Balance at 31 December 2021	<u>1,470</u>	<u>1,032</u>	<u>(17,734)</u>

As part of the company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to the Income Statement as the obligation arises. The provision is expected to be utilised between 2022 and 2031 as the leases terminate.

The onerous contract provisions reflect future contractual leases costs at Rubix U.K. Limited sites that have been vacated but where the contract cannot be terminated early. All future costs have been charged to the Income Statement on recognition of the onerous contract. The provision is expected to be utilised between 2022 and 2024 as the leases terminate.

The deferred taxation asset comprises:

	2021 £'000	2020 £'000
Losses	17,734	11,022
Other timing differences	-	263
	<u>17,734</u>	<u>11,285</u>

In accordance with the provisions of FRS 19 'deferred tax', full provisions have been made for deferred tax on assets and liabilities arising on timing differences. It is expected that the company and associated companies will earn sufficient taxable profits in the future that will allow the deferred tax asset to be utilised.

**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £'000	2020 £'000
147,141	Ordinary	£1	<u>147</u>	<u>147</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**20. PENSION COMMITMENTS**

The UK group operates the Brammer Services Limited Retirement Benefit Scheme (the "Scheme"), which until 28 February 2006, provided benefits on both a defined benefit and a defined contribution basis. With effect from 1 March 2006, the defined benefit section of the Scheme was closed to future accrual and existing members of the defined benefit section were offered membership of the separate defined contribution section of the Scheme. This defined contribution section of the Scheme was subsequently transferred to the Aegon Master Trust in December 2019. The defined contribution section of the Scheme continues to be funded by the Group and Rubix U.K. Limited, with deficit recovery payments paid as determined by the actuary following discussions with the Trustee and Group.

The Scheme operates under UK trust law and the Trust is a separate legal entity, which, since 28 April 2017, has been governed by a sole independent Trustee. The Trustee is required by law to act in the best interests of the Scheme members. The Scheme, although closed, exposes the Group to actuarial risks including longevity risk, interest rate risk and market (investment) risk.

During 2018, the Trustee conducted an investment advisor review and, as part of this, made the decision to appoint a fiduciary manager. As part of the transition to the fiduciary portfolio, the Scheme invested in a leveraged Liability Driven Investment (LDI) portfolio which is made up of underlying investments in UK government bonds, cash and derivatives. The assets within this portfolio are expected to react to changes in interest rates and inflation in a similar way to the Scheme's long-term liabilities. The transition to the fiduciary portfolio (including the LDI portfolio) was completed in early 2018 following the completion of a bulk retirement transfer option. In addition, the Scheme holds a buy-in policy with Pension Insurance Corporation which matches the interest rate, inflation and longevity risk perfectly for a subset of the Scheme's pensioner membership. A value has been placed in the insurance policy which is equivalent to the liability matched by the policy (approximately £15.0m).

The most recent completed triennial actuarial valuation of the Scheme was carried out as at the 31 December 2020 using the market-related basis whereby assets are considered at their market value, by an independent actuary employed by the pension scheme administrator, Barnett Waddingham LLP. The valuation showed that the market value of the Scheme's assets (excluding members additional voluntary contributions, the value of the buy-in policy and Scheme's other annuity policy) was £144.6m as at 31 December 2020, which represented 82% of the value of the benefits that had accrued to members at that date. Following completion of the triennial valuation, the Group agreed a deficit funding plan with the Trustee to make payments of £6.0m per annum from 2021 to April 2026. In addition, the Group agreed to fund certain expenses of the Scheme. Based on this and the previous deficit funding plans, employer contributions for the year ended 31 December 2021 amounted to £6.5m (2020: £7.1m).

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**20. PENSION COMMITMENTS - continued**

Rubix U.K. Limited makes an annual contribution towards the deficit funding of £576k per annum (2020: £576k). This is included in the total funding plan from the parent company.

The assumptions, which were agreed between the Group and the Trustee, that have the most significant effect on the results of the triennial actuarial valuation are those related to the rates of return on investments and the rates of increase in future price inflation and pensions.

The next triennial actuarial valuation of the Scheme is due as at 31 December 2023. The weighted average duration of the defined benefit obligation at 31 December 2021 is approximately 21 years.

A defined contribution scheme, the Brammer Services Defined Contribution Pension Scheme, was launched on 1 January 2002 to new UK employees joining the Group. This arrangement closed in 2014 and the defined contribution retirement benefit arrangements for all UK employees of Rubix Group International Limited and Rubix U.K. Limited are now provided through the Aegon Master Trust referred to above. The charge in the year was £1,453k (2020: £1,472k).

The amount outstanding in relation to pension contributions at 31 December 2021 was £250k (2020: £206k).

**21. ULTIMATE CONTROLLING COMPANY**

The immediate parent company of Rubix U.K. Limited is Rubix International Limited, with the results being consolidated into Rubix Group Holdings Limited (now known as Rubix Limited), which is the smallest and largest company to prepare consolidated financial statements. The financial statements of Rubix Limited can be obtained at Accurist House, 44 Baker Street, London W1U 7AL.

The ultimate holding company is Al Robin (Cayman) Limited. Advent International Corporation, incorporated in the State of Delaware and SEC registered, is the investment manager of circa 20 Advent GPE VIII funds which are individual limited partnerships domiciled in either Luxembourg, the Cayman Island or the State of Delaware (together the "Funds"). The Funds have invested directly or indirectly in Al Robin (Cayman) Limited. No individual Fund holds more than 25% interest in Al Robin (Cayman) Limited.

**22. CONTINGENT LIABILITIES**

The company is a guarantor to the Rubix group bank facility whereby it agrees to discharge on demand, in part or in total, bank borrowings under this facility of other companies within the group. These borrowings are secured by fixed and floating charges over specific assets of the company.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**23. POST BALANCE SHEET EVENTS**

On 25 January 2022, the company acquired the entire share capital of West Country Tool Company Limited, a supplier of specialist tooling, which is registered in England. Consideration and directly attributable costs totalled £3.0m, of which, £1.3m is contingent upon certain performance criteria being met.

With effect from 1 September 2022, the name of the company was changed from Brammer UK Limited to Rubix U.K. Limited.