

**Company Registration No. 02197267**

**Pfaunder Limited**

**Annual Report and Financial Statements**

**For the year ended 31 March 2024**

# **Pfaunder Limited**

## **Annual report and financial statements**

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# **Pfaunder Limited**

## **Officers and professional advisers**

### **Directors**

M Goldsmith

K McCann

F Svezia

N Toshniwal

### **Company Secretary**

P Dunn

### **Auditor**

Deloitte LLP

Statutory Auditor

3<sup>rd</sup> Floor

9 Haymarket Square

Edinburgh

EH3 8RY

### **Banker**

Commerzbank

30 Gresham Street

London

EC2V 7PG

### **Solicitor**

Brodies LLP

15 Atholl Crescent

Edinburgh

EH3 8HA

### **Registered Office**

Unit 5

Lyon Road Industrial Estate

Kearsley

Bolton

BL4 8TG

# Pfautler Limited

## Strategic report

The directors present their strategic report for the year ended 31 March 2024.

### Review of the business

The company operates its trade through the following business units:

- Pfautler Technologies: a unit engaged in:
  - the manufacture of glassed steel pressure vessels and associated products; and
  - the manufacture, site installation and commissioning of engineered process systems, evaporation systems and thermal fluid systems.
- Edlon: a unit engaged in the manufacture of fluoropolymer products.
- Pfautler Services: a unit engaged in the repair, reglassing and on-site servicing of chemical equipment and manufacture of polytetrafluoroethylene (PTFE) parts.

The company's key financial performance indicators during the period were as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Turnover	16,816	17,845
Restructuring costs	(511)	-
Operating profit	1,140	1,440
Profit before taxation	1,033	1,624
Shareholders' funds	8,352	7,587

The turnover of the company has reduced by 5.8%. This is mainly driven by a 8.3% reduction in sales of original equipment. This has been offset by a 5.5% increase in aftermarket sales and a 2.8% increase in work for inter-company partners. The global market for original equipment has been reducing after several years of buoyant activity. Gross margin has increased from 13.8% to 21.0% and this is mainly attributable to the change in the mix of products sold – original equipment sales have a lower margin than aftermarket. Administrative expenses are up £1,257K, mainly due to the prior year having the benefit of exchange gains on intercompany loans which have not existed in 2024. This is one of the main factors contributing to a £591K reduction in Profit Before Tax. Another major contributor to this figure is the £511K restructuring cost as the company moves further away from manufacturing original equipment which will require a reduction in the workforce. This represents a 3.0% reduction in the PBT/Sales ratio. Shareholders' funds have increased by £765K driven by the profit for the period.

### Future developments

Our closing order book is robust at £6.0M including inter-company work. We also have several other large enquiries ongoing so are optimistic that 2025 will provide further improvements against the 2024 results. We continue to strive to improve manufacturing efficiencies and to increase gross margin throughout the business and become fully integrated with the GMM Pfautler structure. The UK operation is aiming to grow the Services, Reglass and Aftermarket product lines which are all higher margin.

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks and uncertainties as follows:

The company's principal financial instruments comprise cash and cash equivalents. Other financial assets and liabilities, such as trade creditors and group balances, arise directly from the company's operating activities. The company does not consider geographical market, product and customer risk as principal risks to the company as the company does not rely on any one market, product or customer.

# Pfandler Limited

## Strategic report (continued)

### Financial risk management

The main risks associated with the company's financial assets and liabilities are set out below.

#### *Credit risk*

The company's main customer base lies primarily within the chemical and pharmaceutical industries. These are large multi-national companies which are regarded as having limited associated credit risk. Past experience reinforces our view that the company has minimal credit risk.

#### *Liquidity risk*

The company manages liquidity risk by closely monitoring cash flow and forecasting cash flow for future periods with reference to the consolidated position of GMM International S.à.r.l group of companies ('the Group'). The Group's cash flow forecasts are updated regularly to ensure that sufficient funds are available to meet all financial commitments. Adequate cash reserves and banking facilities are maintained to support the future growth of the business.

#### *Foreign currency risk*

In the event that the company enters into a foreign currency contract, a senior management decision will be taken to hedge the contract against foreign currency exposure. This is generally carried out for major contracts, with smaller contracts for both sales and purchases largely offsetting each other.

Approved by the Board of directors on 13 August 2024 and signed on behalf of the Board.

M Goldsmith  
Director



# **Pfautler Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the 12-month period ended 31 March 2024.

### **Results and dividends**

The profit for the year after taxation amounted to £798,953 (2023: £1,238,489). Gross margin has increased from 13.8% to 21.0% and this is mainly attributable to the change in the mix of products sold – original equipment sales have a lower margin than aftermarket.

Directors benefit from qualifying third party indemnity provisions in place during the financial year at the date of this report.

The company paid no dividends during the period. A £10,669,772 dividend was paid during the prior period. No further dividends are currently proposed.

### **Financial results, financial risk management, objectives and policies and future developments**

These matters are discussed in the strategic report on pages 2 to 3 and form part of this report by cross-reference.

### **Directors**

The directors who served the company during the period and up to the date of signing were as follows:

M Goldsmith  
F Svezia  
K McCann  
N Toshniwal

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### **Employee involvement**

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through regular employee briefing sessions and a variety of formal and informal meetings. Employee representatives are consulted on a wide range of matters affecting employees' conditions of employment and on current and future business activities.

### **Health and Safety**

Company policy is to uphold safe and responsible management of all its activities. We aim to provide a safe and healthy work environment for all employees and to ensure HSE considerations are integrated into all activities. Employees are encouraged to take personal responsibility for HSE and we aim to eliminate all incidents and injuries from the business.

### **Going concern**

Our order book has reduced throughout the past year but is still robust. This is apparent not just in the UK, but globally, with all business units seeing a softening in demand for original equipment, but as this is coming from an all-time high in recent years the Group are comfortable with the current status. It is expected that our markets for reglassed equipment will grow over the next few years following the pattern that we have seen previously during a downturn in the original equipment market. We have seen the benefits from the purchase of the Group by GMM Pfautler with orders being received from European customers for product manufactured in India.

# **Pfautler Limited**

## **Directors' report (continued)**

### **Going concern (continued)**

The Company's main concern remains the ongoing uncertainty around the costs of energy and raw materials, which has been exacerbated by the war in Ukraine and unrest in the Middle East. These inflationary costs have been built into our forecast for the year ahead and we are factoring in these costs to both new and existing customer contracts. We have also taken actions to mitigate energy cost increases by changing working patterns and upgrading equipment to improve efficiency. We have also changed our supplier to benefit from a more flexible purchasing strategy.

The tri-annual valuation of the Company Defined Benefit Plan as of October 2022 showed significant improvement, bringing the valuation from a £492K deficit to a £465K surplus. The latest accounting valuation has resulted in a slight improvement of a surplus of £2.8M (prior year surplus £2.5M),

FY2024 sales performance was slightly below our expectations due to a slow down in global original equipment market. We expect sales to be higher in FY2025 due to a stronger aftermarket demand and have increased our EBITDA target due to the improved margins that should be achieved from this work. The directors have considered available funding facilities and concluded that we have sufficient resources for the next 12 months from the date of signing these financial statements. The financial statements are therefore prepared on a going concern basis.

### **Events after the balance sheet date**

There have been no significant post-balance sheet events.

### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor.

Approved by the Board of directors on 13 August 2024 and signed on behalf of the Board.



M Goldsmith  
Director

# **Pfautler Limited**

## **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- ensure applicable UK Accounting Standards 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.

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



# **Pfautler Limited**

## **Independent auditor's report to the members of Pfautler Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Pfautler Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- Statement of profit and loss account and other comprehensive income;
- Balance sheet;
- Statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

# **Pfautler Limited**

## **Independent auditor's report to the members of Pfautler Limited (continued)**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

### **Auditor's 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 auditor's 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.

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 auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities including those that are specific to the company's business sector.

## **Pfautler Limited**

### **Independent auditor's report to the members of Pfautler Limited (continued)**

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as pensions specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- **Revenue Recognition Cut-off:** We have identified a significant risk due to fraud around revenue recognition, pinpointed to the cut-off assertion around year-end due to management's ability to incorrectly recognise or not recognise revenue sale towards year end in order to meet certain financial targets. This has been addressed through obtaining a sample of invoices from the period immediately preceding and post year end date and agreed to the relevant supporting documentation to verify that revenue has been recognised during the correct period.
- **Revenue Recognition Percentage of completion contracts:** We have identified a significant risk due to fraud around revenue recognition for contracts whereby revenue has been recognised via percentage of completion method during the period specifically erroneous budget preparation, evaluation of project profitability (related to valuation and accuracy) and cost cut-off. We have identified this as a fraud risk due to management's ability to manipulate revenue in order to meet financial targets recognised during the period via creating erroneous budgets or incorrectly recognise costs related to the contract in order to increase percentage of the completion. We have addressed this risk via performing reviews and challenging management's budgets as well as performing reviews of cost recorded up to the reporting date in order ensure that costs have been properly included in the project's cost base and considered in revenue recognition calculations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

## **Pfaunder Limited**

### **Independent auditor's report to the members of Pfaunder Limited (continued)**

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

##### **Use of our report**

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

*Evaldas Grenda*

Evaldas Grenda, FCCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Edinburgh, United Kingdom

13 August 2024

## Pfaunder Limited

### Statement of Profit and Loss and Other Comprehensive Income For the year ended 31 March 2024

	Notes	Year ended 31 March 2024 £	Year ended 31 March 2023 £
<b>Turnover</b>	3	16,816,057	17,844,703
Cost of sales		(13,288,147)	(15,374,447)
<b>Gross profit</b>		3,527,910	2,470,256
Administrative (expenses)/income		(1,089,862)	167,397
Distribution expenses		(1,297,770)	(1,197,230)
<b>Operating profit</b>		1,140,278	1,440,423
Interest income (net)	8	117,319	183,367
Exceptional items	5	(511,251)	-
Dividend income	23	286,784	-
<b>Profit before taxation</b>	4	1,033,130	1,623,790
Tax on profit	9	(234,177)	(385,301)
<b>Profit for the financial year</b>		798,953	1,238,489
<b>Other comprehensive income/(expense)</b>			
Actuarial (loss)/gain on pension commitments	21	(46,000)	2,613,000
Tax relating to other comprehensive income	15	11,500	(653,250)
Other comprehensive (expenses)/income		(34,500)	1,959,750
<b>Total comprehensive income</b>		764,453	3,198,239

The results for both years have been derived from wholly continuing activities.

# Pfaunder Limited

## Balance sheet As at 31 March 2024

	Notes	31 March 2024 £	31 March 2023 £
<b>Fixed assets</b>			
Tangible assets	11	1,788,370	1,714,084
Investments	12	633,914	633,914
		<u>2,422,284</u>	<u>2,347,998</u>
<b>Current assets</b>			
Stock	13	3,253,450	4,096,960
Debtors	14	3,284,823	3,828,429
Cash at bank and in hand		1,940,878	1,801,231
		<u>8,479,151</u>	<u>9,726,620</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(4,148,839)</u>	<u>(5,637,210)</u>
<b>Net current assets</b>		<u>4,330,312</u>	<u>4,089,410</u>
<b>Total assets less current liabilities</b>			
		6,752,596	6,437,408
Provisions for liabilities	17	(48,905)	(359,800)
Pension asset/(liability)	21	2,805,000	2,549,000
Accruals and deferred income	18	(212)	(680)
Deferred Tax	15	(1,156,542)	(1,038,444)
		<u>8,351,937</u>	<u>7,587,484</u>
<b>Net assets</b>		<u>8,351,937</u>	<u>7,587,484</u>
<b>Capital and reserves</b>			
Called up share capital	19	7,831	7,831
Contributed capital		3,009,339	3,009,339
Profit and loss account		5,334,767	4,570,314
		<u>8,351,937</u>	<u>7,587,484</u>
<b>Shareholders' funds</b>		<u>8,351,937</u>	<u>7,587,484</u>

The financial statements of Pfaunder Limited with registration number 02197267 were approved and authorised for issue by the Board and were signed on its behalf on 13 August 2024.

M Goldsmith  
Director

## Pfaunder Limited

### Statement of changes in equity For the year ended 31 March 2024

	Notes	Called up Share Capital £	Contributed Capital £	Profit and Loss Account £	Total £
At 1 April 2022		7,831	3,009,339	12,041,847	15,059,017
Profit and total comprehensive income for the year		-	-	3,198,239	3,198,239
Dividends Paid	10	-	-	(10,669,772)	(10,669,772)
At 31 March 2023		<u>7,831</u>	<u>3,009,339</u>	<u>4,570,314</u>	<u>7,587,484</u>
Profit and total comprehensive income for the year		-	-	764,456	764,456
Dividends Paid	10	-	-	-	-
At 31 March 2024		<u>7,831</u>	<u>3,009,339</u>	<u>5,334,767</u>	<u>8,351,937</u>

# **Pfautler Limited**

## **Notes to the financial statements For the year ended 31 March 2024**

### **1. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

#### **a. General information and basis of accounting**

Pfautler Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The address of the principal place of business is Riverside, Leven, Fife, KY8 4RT, Scotland. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The functional currency of Pfautler Limited is considered to be pounds sterling because this is the currency of the primary economic environment in which the company operates. The financial statements have been presented in pounds sterling.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) issued by the Financial Reporting Council.

#### **b. Group financial statements**

Pfautler Limited is consolidated in the financial statements of its parent, GMM International S.à.r.l., which may be obtained from the address given in note 23. Exemptions have been taken in these financial statements in relation to presentation of a cash flow statement and related parties disclosure as disclosed in note 23.

#### **c. Going concern**

Our order book has reduced throughout the past year but is still robust. This is apparent not just in the UK, but globally, with all business units seeing a softening in demand for original equipment, but as this is coming from an all-time high in recent years the Group are comfortable with the current status. It is expected that our markets for reglassed equipment will grow over the next few years following the pattern that we have seen previously during a downturn in the original equipment market. We have seen the benefits from the purchase of the Group by GMM Pfautler with orders being received from European customers for product manufactured in India.

The Company's main concern remains the costs of energy and raw materials, which has been exacerbated by the war in Ukraine and unrest in the Middle East. These inflationary costs have been built into our forecast for the year ahead and we are factoring in these costs to both new and existing customer contracts. We have also taken actions to mitigate energy cost increases by changing working patterns and upgrading equipment to improve efficiency. We have also changed our supplier to benefit from a more flexible purchasing strategy.

The tri-annual valuation of the Company Defined Benefit Plan as of October 2022 showed significant improvement, bringing the valuation from a £492K deficit to a £465K surplus. The latest accounting valuation has resulted in a slight improvement surplus of £2.8M (prior year surplus £2.5M).

FY2024 sales performance was slightly below our expectations due to a slow down in global original equipment market. We expect sales to be higher in FY2025 due to a stronger aftermarket demand and have increased our EBITDA target due to the improved margins that should be achieved from this work. The directors have considered available funding facilities and concluded that we have sufficient resources for the next 12 months from the date of signing these financial statements. The financial statements are therefore prepared on a going concern basis.



# Pfaunder Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 1. Accounting policies (continued)

#### d. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### e. Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is generally recognised as and when significant risks and rewards of the goods have been transferred to the buyer. In respect of fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting based on the progress towards complete satisfaction of the performance obligation of the contract at the reporting date. The progress is measured based on the Company's efforts or inputs to the satisfaction of the performance obligation, by reference to the costs incurred up to the end of reporting period and costs to complete as a percentage of total estimated costs in the contract.

#### f. Interest

Interest is recognised when it falls due and is recognised under the accrual basis.

#### g. Tangible fixed assets

Tangible fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets, except the land which is all freehold, at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Buildings	– 33 to 50 years
Plant and machinery	– 3 to 10 years
Computer equipment	– 3 to 5 years
Motor vehicles	– 4 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

#### h. Investments

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

# Pfaunder Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 1. Accounting policies (continued)

#### Investments (continued)

##### *Dividend income*

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

##### i. Government grants

Government grants received are recognised in the balance sheet as deferred income. Deferred income is amortised in order to match the income with the expenditure towards which it is expected to contribute.

As all grants received to date are in the nature of capital grants, deferred income is being amortised over the expected useful life of the assets towards the purchase of which the grants were awarded.

##### j. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value.

Cost includes material, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### k. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to fixed assets measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# Pfaunder Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 1. Accounting policies (continued)

#### Taxation (continued)

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### l. Leases

##### *The Company as lessee*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### m. Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### n. Warranty costs

Provision for the expected cost of repair or replacement of goods under warranty is made when products have been invoiced and the amount of the provision is shown in note 17.

#### o. Pensions

The company provides pensions to employees through two separate pension schemes, one defined benefit and one defined contribution scheme. Each one is administered by trustees, and have their assets held separately from the group in independently administered funds.

##### *Defined contribution schemes*

The amount charged to the profit and loss account represents the contributions payable in the period. Any difference between amounts charged in the profit and loss account and paid to the pension scheme is shown in the balance sheet as an asset or liability.

##### *Defined benefit schemes*

It is the general policy of the company to provide for and fund pension liabilities, on the advice of external actuaries, by payments to separate trustee administered funds. An independent actuarial valuation on a going concern basis is carried out every three years. The Defined Benefit Scheme was closed to future accruals in 2015. The amount charged to the profit and loss account (the regular pension cost) is the payment by the company to close the deficit in the fund. Further information on pension costs is provided in note 21.

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# **Pfautler Limited**

## **Notes to the financial statements (continued) For the year ended 31 March 2024**

### **2. Critical accounting judgements and key sources of estimation uncertainty (continued)**

#### **Critical judgements in applying the Company's accounting policies**

##### *Surplus and Obsolete Stock*

The company has a policy in place to determine when stock is considered to be either surplus or obsolete and makes all necessary reserves according to this policy. Inventory in excess of the most recent twelve months and in excess of all time service requirements is considered surplus. Inventory having zero future usage due to design change, product discontinuance or deterioration is considered obsolete. Management are able to apply to Corporate Directors for clearance to make exceptions, where, in their opinion, the policy is too stringent given the nature of the business and longevity of primarily metal stocks. The current reserve is £259K (2023: £1,679K, £1,420K of this relates to a reserve against stock manufactured for a contract in China for which the government refused to grant an export licence).

#### **Key source of estimation uncertainty**

##### *Pension and other post-employment benefits*

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. The major assumptions used are listed in note 21.

# Pfautler Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 3. Turnover

Analysis of turnover by geographical location of customers:

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
UK	10,381,386	10,701,085
Asia & Oceania	625,050	1,558,112
Europe, Middle East and Africa	3,946,141	3,972,141
North and South America	1,863,480	1,613,365
	<u>16,816,057</u>	<u>17,844,703</u>

Analysis of turnover by category:

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Original equipment	4,730,820	6,504,617
Aftermarket	9,361,068	8,953,435
Inter-company	2,724,169	2,386,651
	<u>16,816,057</u>	<u>17,844,703</u>

### 4. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Depreciation of tangible fixed assets	219,090	193,377
Operating lease rentals - plant and machinery	281,637	273,351
Inventory recognised as an expense	6,322,796	8,085,480
Audit fees payable to the company's auditor for auditing of the financial statements	138,600	130,700
Fees payable to the company's auditor for quarterly management account reviews	36,375	36,000
Amortisation of government grants	(468)	(677)
Foreign exchange (gains)/losses	27,244	(1,267,755)
	<u>27,244</u>	<u>(1,267,755)</u>

There were no non-audit service fees payable to the company's auditor.

# Pfaunder Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 5. Exceptional items

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Restructuring costs	(511,251)	-

### 6. Directors' remuneration

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Remuneration (excluding pension contributions)	590,685	532,619
Employer contributions paid to company pension scheme	15,216	14,082
Number of directors who are members of company pension scheme	2	3

The amounts in respect of the highest paid director are as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Remuneration (excluding pension contributions)	348,560	317,986

The highest paid director did not exercise any share options or have any shares receivable at the year end.

The highest paid director is not a member of any company pension schemes.

There are no other key personnel requiring disclosure of remuneration.

### 7. Staff costs

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Wages and salaries	5,907,403	5,159,026
Social security costs	512,613	516,202
Other pension costs	420,206	915,364
	<u>6,840,222</u>	<u>6,590,592</u>

# Pfaunder Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 7. Staff costs (continued)

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

	Year ended 31 March 2024	Year ended 31 March 2023
Production	110	111
Sales	15	14
Administration	8	7
	<u>133</u>	<u>132</u>

### 8. Interest income (net)

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Expected return on pension scheme assets (note 21)	814,000	514,000
Interest on pension scheme liabilities (note 21)	(692,000)	(525,000)
Interest received/(paid) from/(to) HMRC	(16)	2,497
Amounts due from group undertakings	-	196,414
Amounts due to group undertakings	(4,665)	(4,544)
	<u>117,319</u>	<u>183,367</u>

### 9. Tax on profit

The tax charge / (credit) is made up as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
<b>Current tax</b>		
Corporation tax on profit at 25.00% (2023: 19.00%)	(7,508)	53,129
Adjustment in respect of previous years	112,087	(5,869)
Total Current Tax	<u>104,579</u>	<u>47,260</u>

# Pfaunder Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 9. Tax on profit (continued)

<b>Deferred tax</b>		
Origination and reversal of timing differences	120,811	123,531
Tax on pension cost adjustment	75,500	133,380
Adjustment in respect of prior years	(66,713)	-
Rate change	-	81,130
	<u>129,598</u>	<u>338,041</u>
Total Deferred Tax	129,598	338,041
	<u>234,177</u>	<u>385,301</u>
Tax on Profit	234,177	385,301

The standard rate of tax applied to reported profit is 25.00% (2023: 19.00%).

Finance Act 2021 enacted an increase in the Corporation Tax main rate to 25% with effect from 1 April 2023. These rates have been reflected in the calculation of deferred tax at the balance sheet date.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK Corporation Tax to the profit before tax is as follows:

	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>
	<b>£</b>	<b>£</b>
Profit before tax	<u>1,033,130</u>	<u>1,623,790</u>
Profit multiplied by standard rate of corporation tax in the UK of 25.00% (2023: 19.00%)	258,283	308,520
Effects of:		
Income not taxable	(71,696)	-
Expenses not deductible	2,215	1,521
Adjustment in respect of prior years	45,375	(5,869)
Deferred tax rate change	-	81,130
	<u>234,177</u>	<u>385,302</u>
Total Tax Charge	234,177	385,302

### 10. Dividends

	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>
	<b>Total £</b>	<b>Total £</b>
Paid During the Year	<u>-</u>	<u>10,669,772</u>
	<b>£ / Share</b>	<b>£ / Share</b>
	-	1,362.50



# Pfaunder Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 11. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 31 March 2023	2,538,295	5,817,776	1,291,899	28,703	9,676,673
Additions	-	260,088	33,288	-	293,376
Disposals	-	-	-	-	-
At 31 March 2024	<u>2,538,295</u>	<u>6,077,864</u>	<u>1,325,187</u>	<u>28,703</u>	<u>9,970,049</u>
<b>Depreciation</b>					
At 31 March 2023	1,971,515	4,676,534	1,285,837	28,703	7,962,589
Charge for the year	30,988	181,161	6,941	-	219,090
Disposals	-	-	-	-	-
At 31 March 2024	<u>2,002,503</u>	<u>4,857,695</u>	<u>1,292,778</u>	<u>28,703</u>	<u>8,181,679</u>
<b>Net book value</b>					
At 31 March 2023	<u>566,780</u>	<u>1,141,242</u>	<u>6,062</u>	<u>-</u>	<u>1,714,084</u>
At 31 March 2024	<u>535,792</u>	<u>1,220,169</u>	<u>32,409</u>	<u>-</u>	<u>1,788,370</u>

### 12. Investments

	31 March 2024 £	31 March 2023 £
Joint venture undertakings	<u>633,914</u>	<u>633,914</u>

The company holds a 15.9% share in the ordinary equity capital of Pfaunder (Changzhou) Process Equipment Company Limited for a consideration of £633,914. This is a company incorporated in China, whose principal business activity is the manufacture of glass-lined steel pressure vessels. Registered Office: #6 Tong Gang Avenue, Shang Xing Town, Li Yang City, Jiang Su Province 213300, China.

Pfaunder Limited acquired its portion of the share capital as part of a larger Pfaunder Group joint venture project.

Control of the joint venture company is being handled at Pfaunder group level and consolidation of Pfaunder's share of the operating profit will be made within the group financial statements.

# Pfaunder Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 13. Stocks

	31 March 2024	31 March 2023
	£	£
Raw materials	1,707,640	2,053,452
Work-in-progress	1,015,095	1,484,252
Finished goods	530,715	559,256
	<u>3,253,450</u>	<u>4,096,960</u>

### 14. Debtors: amounts falling due within one year

	31 March 2024	31 March 2023
	£	£
Trade debtors	2,476,768	3,050,477
Amounts owed by other group undertakings	205,460	366,717
Other debtors	11,291	8,705
Prepayments and accrued income	149,012	155,659
Corporation tax receivable	442,292	246,871
	<u>3,284,823</u>	<u>3,828,429</u>

Amounts owed by other group undertakings are due within one month and relate to trading of goods and services within the Pfaunder Group.

### 15. Deferred tax asset/(liability)

	31 March 2024	31 March 2023
	£	£
Accelerated capital allowances	(424,850)	(441,913)
Defined benefit pension scheme (note 21)	(701,250)	(637,250)
Other timing differences	(30,442)	40,719
Deferred tax asset/ (liability) at closing	<u>(1,156,542)</u>	<u>(1,038,444)</u>
	31 March 2024	31 March 2023
	£	£
Deferred tax asset / (liability) at beginning	(1,038,444)	(47,153)
Defined benefit pension scheme	11,500	(653,250)
Adjustment in respect of previous years	66,713	-
Originating and reversal of timing differences	(196,311)	(338,041)
Deferred tax asset/ (liability) at closing	<u>(1,156,542)</u>	<u>(1,038,444)</u>

## Pfaunder Limited

### Notes to the financial statements (continued) For the year ended 31 March 2024

#### 16. Creditors: amounts falling due within one year

	31 March 2024	31 March 2023
	£	£
Payments received on account	1,479,327	2,386,613
Trade creditors	985,260	1,158,668
Amounts due to other group undertakings	104,333	602,926
Other creditors – Social Security and PAYE	147,591	147,943
– other	159,472	215,384
Accruals	1,272,856	1,125,676
	<u>4,148,839</u>	<u>5,637,210</u>

Amounts due to other group undertakings are payable within one month and relate to trading of goods and services within the Pfaunder Group.

#### 17. Provisions for liabilities

	Provision for Product Repair	Provision for Loss on Sales Contracts	Total
	£	£	£
At 1 April 2023	254,087	105,713	359,800
Provision utilized in the period	(7,607)	-	(7,607)
Release of Provisions	(249,640)	(271,016)	(520,656)
Charged to profit and loss	29,434	187,934	217,368
	<u>26,274</u>	<u>22,631</u>	<u>48,905</u>

General warranty provisions are calculated based on sales in the prior two years. Specific warranties are made against any customers who have raised quality issues. The company does not admit liability and the timing of any potential outflows for the provision is uncertain. Provisions are made on a monthly basis against contracts where there is expected to be a negative margin and subsequently released at time of shipment.

#### 18. Accruals and deferred income falling due after more than one year

	31 March 2024	31 March 2023
	£	£
At 31 March 2023	680	1,357
Released during the year	(468)	(677)
	<u>212</u>	<u>680</u>

# Pfudler Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 19. Issued share capital

	31 March 2024		31 March 2023	
	No.	£	No.	£
<i>Authorized, allotted, called up and fully paid</i>				
Ordinary shares of £1 each	7,831	7,831	7,831	7,831

### 20. Financial commitments

Capital commitments are as follows:

	31 March 2024	31 March 2023
	£	£
Authorised and contracted for	7,841	157,483

Total future minimum lease payment under non-cancellable operating leases are as follows:

	31 March 2024	31 March 2023
	£	£
Within one year	206,245	212,505
In two to five years inclusive	405,487	459,244
	611,732	671,749

### 21. Pension commitments

The company operates two pension schemes, one defined benefit, Pfudler Balfour Pension Plan, and one defined contribution, all of which are funded by the payment of contributions to separately administered trust funds. The Defined Benefit Pfudler Balfour Pension Plan was closed to future accruals on 31 October 2015.

#### *Defined benefit schemes*

Contributions to the schemes for the employees of Pfudler Limited are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

The most recent full actuarial valuation of the Pfudler Balfour Pension Plan was October 2022. This valuation showed that the market value of the scheme's assets was £17,033,000 which represented 103% of the accrued pension benefits. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, and the life expectancy of the members. An additional one year of life expectancy could be expected to increase the liabilities by between 2-4%.

The company will continue to pay contributions to the plan of £180,000 per annum in order to further strengthen the Plan's funding position.

The contributions to the scheme are determined with the advice of an independent qualified actuary on the basis of triennial valuations using the projected unit method.

# Pfudler Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 21. Pension commitments (continued)

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited versus NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This case may have implications for other defined benefit schemes in the UK. At the balance sheet, it was unknown if, or to what extent, this ruling will impact the Scheme and therefore no adjustment has been made in accounting for the pension surplus. The Company will monitor the case alongside the Trustees of the Scheme.

#### *Pfudler-Balfour Pension Plan*

The assets and liabilities in the scheme in respect of the defined benefit section and relevant information for disclosure under FRS 102 are as follows:

A full actuarial valuation was updated to 31 March 2024 and was converted to a basis consistent with FRS 102 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>%p.a.</b>	<b>%p.a.</b>
Inflation (RPI)	3.35	3.30
Inflation (CPI)	2.70	2.30
Pensions increases (RPI max 5%)	3.10	3.30
Pensions increases (RPI max 2.5%)	2.05	2.05
Discount rate for plan liabilities	4.70	4.65
Expected rate of return on assets	5.50	6.00
Post retirement mortality – years:		
Current pensioners at 65 – male	18.8	19.4
Current pensioners at 65 – female	21.2	21.7
Future pensioners at 65 – male	20.1	20.7
Future pensioners at 65 – female	22.7	23.3

The assumptions used to value the liabilities may, within limits, take a range of values, and the financial variables are derived from market conditions at one particular point in time. The reductions in the post retirement mortality rates have been made as a result of post code analysis reports that have been reviewed by the actuary and Trustees.

The fair value of the assets in the scheme and the present value of the liabilities in the scheme at each balance sheet date were:

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Equities	-	10,594
Bonds	-	2,684
Diversified growth fund	-	4,362
Sustainable Income Fund	3,108	-
Insight Corporate Bonds Fund	7,290	-
Liability Driven Investment Funds	7,186	-
Cash	194	361
	<hr/>	<hr/>
Total fair value of assets	17,778	18,001

# Pfudler Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

Present value of scheme liabilities	(14,973)	(15,452)
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### 21. Pension commitments (continued)

Surplus / (Deficit) in the scheme	2,805	2,549
Related deferred tax asset (note 15)	(701)	(637)
Net pension asset / (liability)	<u>2,104</u>	<u>1,912</u>

Analysis of the amount charged to operating costs:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Amount credited/(charged) to other net finance costs:		
Expected return on pension scheme assets	814	514
Interest on pension liabilities	(692)	(525)
Components of defined benefit costs recognised in profit or loss	<u>122</u>	<u>(11)</u>

Analysis of the actuarial gain in the statement of profit and loss and other comprehensive income:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Expected return less actual return on pension scheme assets	(52)	(1,449)
Changes in assumptions underlying the present value of the scheme liabilities	6	4,062
	<u>(46)</u>	<u>2,613</u>

Analysis of the changes in the present value of the defined benefit obligations during the year:

	31 March 2024 £'000	31 March 2023 £'000
Value at beginning of period	(15,452)	(19,919)
Movement in period:		
Interest cost	(692)	(525)
Benefits paid	1,165	930
Actuarial gain	6	4,062
Value at end of period	<u>(14,973)</u>	<u>(15,452)</u>

# Pfudler Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 21. Pension commitments (continued)

Analysis of the changes in the fair value of the plan assets during the year:

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Value at beginning of year	18,001	19,153
Movements in year:		
Interest Income	814	514
Employer contributions	180	713
Benefits paid	(1,165)	(930)
Actuarial gain	(52)	(1,449)
Value at end of year	<u>17,778</u>	<u>18,001</u>

History of experience gains and losses:

	<b>31 March 2024</b>	<b>31 March 2023</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	17,778	18,001	19,153	19,166
Present value of defined benefit obligation	(14,973)	(15,452)	(19,919)	(21,294)
Surplus / (Deficit) in scheme	<u>2,805</u>	<u>2,549</u>	<u>(766)</u>	<u>(2,128)</u>
Experience gains/(losses) on scheme assets	(46)	2,613	1,225	1,879

Following the government's announcement of the change in the minimum pension increases from RPI to CPI, pension revaluation in deferment and pension increases in payment for all members are now linked to CPI.

#### *Defined contribution scheme*

The group operates a scheme for the employees of Pfudler Limited. The pension cost charge of this scheme for the year was £240,206 (2023: £202,364). Outstanding contributions NIL (2023: £47,021) are shown in the balance sheet under creditors falling due within one year.

# Pfautler Limited

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 22. Contingent liabilities

	31 March 2024 £'000	31 March 2023 £'000
Advance payment/retention release guarantees	-	207
Warranty guarantees	29	30
Total	<u>29</u>	<u>237</u>

The contingent liabilities are provided by Zurich Insurance under a group credit facility. The maximum period of warranty is two years and the company has had no major claims in recent years and does not foresee any change to this. Contractual warranty obligations would be fulfilled so there is no indication that claims would be made against these bonds.

### 23. Related party transactions

The company has not disclosed details of transactions with other companies within the Pfautler Group as it has taken advantage of the exemptions conferred by FRS 102 (Section 33) on the grounds that it is a wholly owned subsidiary. The dividend income relates to the 15.9% holding in Pfautler (Changzhou) Process Equipment Company Limited. There are no other related party transactions.

### 24. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary undertaking of GMM International S.à.r.l, a company incorporated in Luxemburg for which the smallest group consolidated financial statements are prepared.

Registered Office:

2 Rue Edward Steichen  
L-2540 Luxemburg  
Luxemburg

The ultimate parent undertaking and controlling party of the Company is GMM Pfautler Limited, a company incorporated in India for which the largest group consolidated financial statements are prepared. The financial statements of GMM Pfautler Limited are published on the internet homepage and can be accessed through the investors section - [Gmmpfautler.com](http://Gmmpfautler.com).

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