

Registered number: 03824181

Flexicon Limited

Annual report and financial statements

For the year ended 30 September 2020



Flexicon Limited

Company Information

Directors	D P Johnson C E Jones P G Merrick W E Waltz
Company secretary	D Kelly
Registered number	03824181
Registered office	Roman Way Coleshill Birmingham B46 1HG
Independent auditor	Deloitte LLP Statutory Auditor 4 Brindley Place Birmingham B1 2HZ United Kingdom
Solicitors	Eversheds LLP 70 Great Bridgewater Street Manchester M1 5ES

Flexicon Limited

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Flexicon Limited

Strategic report For the year ended 30 September 2020

The directors present the strategic report for the year ended 30 September 2020.

Principal activities

The Company designs, manufactures and distributes flexible conduit systems for a wide range of technically demanding applications to over 50 countries around the world. Almost all of the Company's products are manufactured in-house at its Coleshill factories near Birmingham.

Business review

The Company continues to benefit from previous investments in plant and machinery and research and development.

The Company was not significantly impacted by COVID-19 and sought the assistance of the furlough scheme, see details below.

The business achieved turnover of £14.8m for the year ended 30 September 2020 (2019: £17.5m) and profit before taxation of £4.8m (2019: £4.4m). The outlook for 2021 continues to be positive, despite the vagaries of the global/political landscape.

During the year Flexicon Australia Pty Limited was sold to an Atkore sister company in Australia.

Principal risks and uncertainties

The continued global economic uncertainties continue to be a challenge given the Company's international business across many geographic markets. Raw materials used by the business are highly technical in nature, so are not heavily commodity variable, but global currency changes do affect manufacturing costs.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Currency risk

The Company is exposed to translation and transaction foreign exchange risk. As far as possible, foreign currency revenues are matched to an appropriate level of payables in the same currency.

UK exit from the EU

The United Kingdom stopped being a member of the European Union (EU) on 31 January 2020 with a transition period due for completion on 31 December 2020. During this transition period the Directors continue to monitor the progress of the planned exit from the EU. Potential impact and associated risks and opportunities are continuously reviewed. At present we see no overall risk to the business. Any risk associated with accessing the European market after leaving the EU has been mitigated by the US parent company acquiring a European based business.

Flexicon Limited

Strategic report (continued)
For the year ended 30 September 2020

COVID-19 Pandemic

In March 2020, the UK like the rest of the world found itself the victim of the COVID-19 pandemic. Flexicon's primary responsibility is to the safety and wellbeing of its employees, both in terms of their health and future job security.

Flexicon adhered to Government advice and encouraged employees to work from home where possible.

In direct response to the pandemic Flexicon took the necessary countermeasures, where possible taking advantage of Government schemes. The business received £51,219 of grants from the Government.

During the pandemic management continue to review the market and will take all necessary actions to ensure the business' long-term success.

The directors have assessed the impact of the current uncertainty around COVID-19 on all aspects of the business focusing specifically on operations performance and cashflows of the Company. See Directors Report and Note 1 for further considerations.

Financial key performance indicators

The business uses a number of standard Corporate ratios to measure and monitor its performance; of these, the major areas of focus which are considered as business key performance indicators, Revenue, Gross Profit and Net assets, are included within these financial statements.

This report was approved by the board on 24th May 2021 and signed on its behalf.



P G Merrick
Director

Flexicon Limited

**Directors' report
For the year ended 30 September 2020**

The directors present their report and the financial statements for the year ended 30 September 2020.

Results and dividends

The results for the period are set out on page 9. There were no dividends paid during the year (2019: £nil).

The directors proposed a £4,000,000 dividend to be paid in 2020, to the parent company.

Directors

The directors who served during the year and up to the date of signing were:

D P Johnson
C E Jones
P G Merrick
W E Waltz

Directors' indemnities

The Company had made third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Research and development

The Company will continue to develop new products to be included in its catalogues and also at the request of customers to meet specific application requirements.

The Company has materially increased expenditure on research and development over the past few years as part of its strategic plan to introduce ranges of new products to new and existing markets. The Board anticipates that new products will have an increasing impact on the Company in future years in growing revenue streams.

Going concern

The Directors have reviewed the financial position of the Company, the Company's forecasts and considered the uncertainties arising from the economic environment and have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further considerations are discussed in note 1.

Matters included in the strategic report

As permitted by the Companies Act 2006, sA14C(11), the Company has chosen to set out in its strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch.7 to be contained in its directors' report. It has done so in respect of principal risks and uncertainties and financial key performance indicators.

Future developments

The Company's strategy is one of continuing development and expansion both in new products and new markets. In particular, it is developing more specialised product solutions to meet the requirements of demanding customer applications.

Flexicon Limited

**Directors' report (continued)
For the year ended 30 September 2020**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Political contributions

There were no donations to political parties during the year. (2019: £Nil).

Post balance sheet events

On the 20 October 2020, a dividend was paid to the parent company Unistrut Limited.

In England, its people and companies', along with other countries around the world, have been impacted by COVID-19. As the UK starts along the roadmap of coming out of lockdown and the vaccination programs continue to be rolled out across the UK and the rest of the world, the Directors of the Company continue with all the necessary safety measures in order to maintain continuity within the business. There has been no further impacts of COVID-19 that are considered to be a post balance sheet event for the Company and therefore no adjustments have been made to the 30 September 2020 financial results. The national lockdowns announced post 30 September 2020 are non-adjusting post balance sheet events.

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24th May 2021 and signed on its behalf.



P G Merrick
Director

Flexicon Limited

**Directors' responsibilities statement
For the year ended 30 September 2020**

The directors are responsible for preparing the Annual Report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 year.

In preparing these financial statements, the directors are required to:

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

The 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 to 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.

Flexicon Limited

Independent auditor's report to the members of Flexicon Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year 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:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 23.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Flexicon Limited

Independent auditor's report to the members of Flexicon Limited (continued)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

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. This description forms part of our auditor's report.

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 year 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.

Flexicon Limited

Independent auditor's report to the members of Flexicon Limited (continued)

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 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 for our audit work, for this report, or for the opinions we have formed.



Sukhpal Gill (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham
Date: 24/05/21

Flexicon Limited

**Statement of comprehensive income
For the year ended 30 September 2020**

	Note	2020 £	2019 £
Turnover	3	14,813,290	17,535,754
Cost of sales		(7,319,660)	(8,669,895)
Gross profit		7,493,630	8,865,859
Distribution costs		(426,108)	(474,839)
Administrative expenses		(4,597,291)	(4,197,858)
Operating profit	5	2,470,231	4,193,162
Income on disposal of Flexicon Australia Pty Limited	4	2,296,085	-
Interest receivable and similar income	8	35,017	110,622
Interest payable and expenses	9	(6,416)	67,911
Profit before tax		4,794,917	4,371,695
Tax on profit	10	(388,313)	(1,328,728)
Profit for the financial year		4,406,604	3,042,967

All results are derived from continuing operations.

There was no other comprehensive income for 2020 (2019:£NIL).

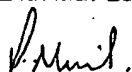
The notes on pages 12 to 28 form part of these financial statements.

Flexicon Limited
Registered number: 03824181

Balance sheet
As at 30 September 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	3,618,382	3,711,874
Investments	12	1	34
		<u>3,618,383</u>	<u>3,711,908</u>
Current assets			
Stocks	13	2,836,372	2,742,533
Debtors: amounts falling due after more than one year	14	415,457	479,978
Debtors: amounts falling due within one year	14	5,383,047	8,798,915
Cash at bank and in hand		12,119,676	4,459,819
		<u>20,754,552</u>	<u>16,481,245</u>
Creditors: amounts falling due within one year	15	(3,645,725)	(3,961,802)
Net current assets		<u>17,108,827</u>	<u>12,519,443</u>
Total assets less current liabilities		<u>20,727,210</u>	<u>16,231,351</u>
Provisions for liabilities			
Deferred tax	16	(372,519)	(283,264)
Net assets		<u><u>20,354,691</u></u>	<u><u>15,948,087</u></u>
Capital and reserves			
Called up share capital	17	3,328,687	3,328,687
Profit and loss account	18	17,026,004	12,619,400
Total equity		<u><u>20,354,691</u></u>	<u><u>15,948,087</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24th May 2021



P G Merrick
Director

The notes on pages 12 to 28 form part of these financial statements.

Flexicon Limited

**Statement of changes in equity
For the year ended 30 September 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2018	3,328,687	9,576,433	12,905,120
Profit for the year	-	3,042,967	3,042,967
At 1 October 2019	3,328,687	12,619,400	15,948,087
Profit for the year	-	4,406,604	4,406,604
At 30 September 2020	3,328,687	17,026,004	20,354,691

The notes on pages 12 to 28 form part of these financial statements.

Flexicon Limited

Notes to the financial statements For the year ended 30 September 2020

1. Accounting policies

Flexicon Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Roman Way, Coleshill, Birmingham, B46 1HG. The Company's principal activities and nature of its operations are disclosed in the Strategic Report.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) issued by the Financial Reporting Council, and the Companies Act 2006.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions available to it; the requirement to present a statement of cash flows and related notes, categories of financial instruments including items of income, expenses, gains or losses relating to financial instruments and exposure to and management of risks, and key management remuneration.

1.2 Going concern

The Company is cash-generative and has a healthy year-end cash position of £12.1m. The Company has strong relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

The directors have reviewed the financial position of the Company, the Company's forecasts and considered the uncertainties arising from the economic environment and the possibilities of a consequential unfavourable impact of this upon trading. The directors have stress-tested these forecasts assuming a significant reduction in turnover, offset by identified and actioned operational and capital expenditure savings.

Based on the Company's performance during the year and into the new financial year, the current order pipeline, solid customer base, cost structure and the projected growth in export markets, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Directors have assessed the Company's cashflow forecasts for the next 12 months and believe that there are sufficient cash resources to meet its daily cash flow requirements over this period. Even considering reasonably likely downside scenarios as a result of COVID-19, there are sufficient funds to allow the company to continue in operational existence for the foreseeable future.

1.3 Consolidated financial statements

The Company is exempt from preparing group financial statements by virtue of Section 401 of the Companies Act 2006, which states that group financial statements do not have to be prepared on the basis that the Company was at the balance sheet date, a wholly owned subsidiary of Atkore Inc., incorporated in the United States of America and produces group financial statements, for each financial year, that are publicly available. See note 23.

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

1. Accounting policies (continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	25% to 33% straight line
Plant, machinery	10% straight line
Computer equipment	33.3% straight line
Motor vehicles	25% straight line
Tooling/fixtures & fittings	14.3% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

1. Accounting policies (continued)

1.8 Intangible fixed assets other than goodwill

The costs of purchasing patents and trademarks are capitalised and written off over their useful economic lives. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents and trademarks	10 years straight line
Development costs	5 years straight line

1.9 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.10 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the FIFO (first-in, first-out) method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Provision is made where necessary for obsolete, slow moving and defective stocks.

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

1. Accounting policies (continued)

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax is based on taxable profit for the year. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted. Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

1. Accounting policies (continued)

1.16 Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies 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 payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

1. Accounting policies (continued)

1.18 Financial instruments (continued)

Equity instruments

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. Equity instruments issued by the Company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.19 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

1.20 Interest received

Interest received is recognised at the point of receipt of monies due.

1.21 Government grants

Grants are accounted under the accruals model as permitted by FRS102. Grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the opinion of the directors there are no estimates, assumptions and only one judgement area (see below) that are considered to have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 Revenue and in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed consideration of the commercial terms and conditions the Company agreed with both domestic and overseas customers, in order to determine if revenue should be recognised when; a customer collects goods directly, or when the Company completes a delivery to the customer, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the commercial terms and conditions agreed with customers.

3. Turnover and other revenue

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Sales	<u>14,813,290</u>	<u>17,535,754</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	6,524,020	7,773,098
Rest of World	8,289,270	9,762,656
	<u>14,813,290</u>	<u>17,535,754</u>

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

4. Income on disposal of Flexicon Australia Pty Limited

	2020	2019
	£	£
Income on disposal of subsidiary	<u>2,296,085</u>	<u>-</u>

During the year Flexicon Australia Pty Limited was sold to an Atkore sister company in Australia. The amount shown represents the gain on the sale.

5. Operating profit

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

	2020	2019
	£	£
Exchange losses/(gains)	6,416	(67,911)
Research and development costs	461,776	454,811
Fees payable to the Company's auditor for the audit of the Company's financial statements	53,040	26,000
Depreciation of owned tangible fixed assets	440,665	445,425
Profit on disposal of tangible fixed assets	-	(8,300)
Operating lease charges	<u>498,680</u>	<u>512,748</u>

In addition to the amounts shown above for audit services, £nil (2019: £nil) was paid to the Company's auditor for tax compliance services, £nil (2019: £nil) was paid to the Company's auditor for tax advisory services and £nil (2019: £nil) was paid to the Company's auditor for all other services.

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

6. Employees

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	3,613,318	3,732,206
Social security costs	328,100	380,203
Pension costs	280,261	308,054
	<u>4,221,679</u>	<u>4,420,463</u>

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

	2020 No.	2019 No.
Administration	49	50
Production	66	60
	<u>115</u>	<u>110</u>

During the year ended 30 September 2020 the Company received £51,219, in furlough grants from the government.

7. Directors' remuneration

The highest paid director received remuneration of £nil (2019 - £nil).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2019 - £nil).

During the year ended 30 September 2020 the Directors were remunerated by another group company.

8. Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	<u>35,017</u>	<u>110,622</u>

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

9. Interest payable and expenses

	2020 £	2019 £
Exchange differences on financing transactions	<u>6,416</u>	<u>(67,911)</u>

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	360,326	835,506
Adjustment in respect of previous periods	(61,267)	209,958
Total current tax	<u>299,059</u>	<u>1,045,464</u>
Deferred tax		
Origination and reversal of timing differences	55,929	(1,353)
Changes to tax rates	33,325	142
Adjustment in respect of prior periods	-	284,475
Total deferred tax	<u>89,254</u>	<u>283,264</u>
Taxation on profit	<u>388,313</u>	<u>1,328,728</u>

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit before tax	<u>4,794,917</u>	<u>4,371,695</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	911,034	830,622
Effects of:		
Expenses not deductible	6,086	11,132
Adjustments in respect of prior years	(61,267)	494,433
Patent box deduction	(64,609)	(7,600)
Tax rate changes	33,325	141
Disposal of subsidiary	(436,256)	-
Total tax charge for the year	<u><u>388,313</u></u>	<u><u>1,328,728</u></u>

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019: 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

Flexicon Limited

Notes to the financial statements
For the year ended 30 September 2020

11. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 October 2019	64,215	9,122,568	13,300	962,010	10,162,093
Additions	2,800	204,273	-	140,100	347,173
At 30 September 2020	<u>67,015</u>	<u>9,326,841</u>	<u>13,300</u>	<u>1,102,110</u>	<u>10,509,266</u>
Depreciation					
At 1 October 2019	55,450	5,618,487	7,000	769,282	6,450,219
Charge for the year on owned assets	-	440,665	-	-	440,665
At 30 September 2020	<u>55,450</u>	<u>6,059,152</u>	<u>7,000</u>	<u>769,282</u>	<u>6,890,884</u>
Net book value					
At 30 September 2020	<u>11,565</u>	<u>3,267,689</u>	<u>6,300</u>	<u>332,828</u>	<u>3,618,382</u>
At 30 September 2019	<u>8,765</u>	<u>3,504,081</u>	<u>6,300</u>	<u>192,728</u>	<u>3,711,874</u>

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2019	34
Disposals	(33)
	<hr/>
At 30 September 2020	1
Net book value	
At 30 September 2020	1
	<hr/> <hr/>
At 30 September 2019	34
	<hr/> <hr/>

Unlisted investments reflect the Company's interest in the entire issued ordinary share capital of its subsidiaries Flexicon Australia Pty Limited and Tekflex Limited.

Flexicon Australia Pty Limited is incorporated in Australia. Its registered office is Flexicon Australia Pty Limited, 1/38 Binney Road, Kings Park NSW 2148. Its principal activity is the supply of flexible conduit and fittings.

During the year Flexicon Australia Pty Limited was sold to an Atkore sister company in Australia.

Tekflex Limited is incorporated in the United Kingdom and registered in England and Wales. Its registered office is Flexicon Limited, Roman Way, Coleshill, Birmingham, B46 1HG. It is dormant.

13. Stocks

	2020 £	2019 £
Stock	<u>2,836,372</u>	<u>2,742,533</u>

No significant changes were made to the stock impairment provision during the year.

In the opinion of the directors there is no material difference between the book value and the replacement cost of stocks.

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

14. Debtors

	2020 £	2019 £
Due after more than one year		
Amounts owed by group undertakings	<u>415,457</u>	<u>479,978</u>

Amounts owed by group undertakings due after more than one year reflect a loan from the Company to Flexicon Australia Pty Limited. Capital and interest payments have been received as scheduled.

	2020 £	2019 £
Due within one year		
Trade debtors	4,003,773	4,596,936
Amounts owed by group undertakings	729,279	3,653,245
Other debtors	354,552	17,148
Prepayments and accrued income	295,443	531,586
	<u>5,383,047</u>	<u>8,798,915</u>

Amounts owed by group undertakings due within one year include the short term amount, £138,476, of the loan from the Company to Flexicon Australia Pty Limited. Total loan amount £553,903.

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,312,884	1,667,224
Amounts owed to group undertakings	54,476	-
Corporation tax	1,022,266	659,048
Other taxation and social security	233,932	208,543
Other creditors	-	33,352
Accruals and deferred income	1,022,167	1,393,635
	<u>3,645,725</u>	<u>3,961,802</u>

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

16. Deferred taxation

	2020 £
At beginning of year	(283,264)
Charged to profit or loss	(89,255)
At end of year	(372,519)

The provision for deferred taxation is made up as follows:

	2020 £
Fixed asset timing differences	(372,519)
	(372,519)

The expected reversal of deferred taxation liability within one year is expected to be in the region of £18k.

17. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
3,228,687 (2019 - 3,228,687) Ordinary shares shares of £1.00 each	3,228,687	3,228,687
100,000 (2019 - 100,000) Ordinary A shares shares of £1.00 each	100,000	100,000
	3,328,687	3,328,687

The Company's Ordinary and A Ordinary shares each carry the right to one vote at general meetings of the Company but carry no rights to fixed income.

18. Reserves

Profit and loss account

Profit and loss reserves reflect cumulative profits and losses net of distributions to owners.

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

19. Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	-	52,865

20. Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charged to profit or loss in respect of defined contribution schemes	280,261	308,054

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. At the end of the period, contributions of £nil (2019: £32,242) were outstanding. The contributions were paid into the pension arrangements after the end of the period in accordance with agreed timetables.

21. Commitments under operating leases

At 30 September 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Within one year	496,288	476,366
Between one and five years	489,897	739,665
	<u>986,185</u>	<u>1,216,031</u>

22. Post balance sheet events

On the 20 October 2020, a dividend was paid to the parent company Unistrut Limited.

The United Kingdom stopped being a member of the European Union (EU) on the 31 January 2020 with a transition period due for completion on 31 December 2020.

The national lockdowns announced post 30 September 2020 are non-adjusting post balance sheet events.

Flexicon Limited

**Notes to the financial statements
For the year ended 30 September 2020**

23. Controlling party

The immediate parent company is Unistrut Limited, a company incorporated in the United Kingdom and registered in England and Wales. Copies of the financial statements can be obtained from the Registrar of Companies, Crown Way, Cardiff, CF4 3UZ.

The ultimate parent company and only group for which consolidated financial statements are prepared at the reporting date is Atkore Inc, a company incorporated in the United States of America. Copies of the consolidated financial statements are available from the Company Secretary at the registered office of Atkore Inc., 16100 S. Lathrop Avenue, Hanley, Illinois, 60426, United States.