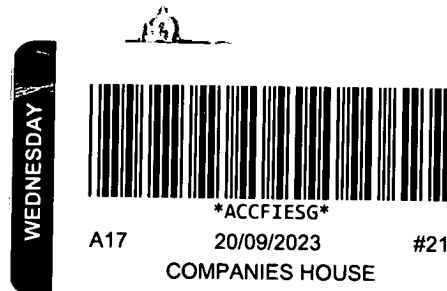


FUERST DAY LAWSON (U.S.A.) LIMITED

**Annual report and financial statements
for the year ended 31 December 2022**

Registered number: 01867013



FUERST DAY LAWSON (U.S.A.) LIMITED

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FUERST DAY LAWSON (U.S.A.) LIMITED

Strategic report

Financial statements for the year ended 31 December 2022

Principal activity and review of the business

The Company is a wholly owned subsidiary within the FDL group (the “FDL Group”). The FDL Group comprises the directly and indirectly owned subsidiaries of FDL Holdings Limited.

The principal activity of Fuerst Day Lawson (U.S.A.) Limited (the “Company”) is the sale of specialist raw materials. The directors are not aware, at the date of this report, of any likely changes in the Company’s activities in the next year. On 18 February 2016, Highlander Partners, L.P., a leading middle market private investment firm based in Dallas, Texas, acquired the FDL Group in partnership with existing management.

Revenue for the year increased by 4.1% to £17.7m (2021: £17.0m). The Company made a profit before tax of £0.5m (2021: profit of £1.6m).

Turnover increased and overall gross margin decreased by 27.4%. Whilst the economic climate continues to herald some uncertainty for the future, present indications are that the Company is well placed to tackle the various challenges that 2022 will likely bring.

The Company’s results for the period are set out in the statement of profit and loss on page 11 and related notes. The Company’s shareholder funds increased by 5.6% to £8.1m (2021: £7.6m), its financial position is set out in the statement of financial position on page 13 and related notes.

Management considers revenue, gross profit and profit before tax to be the key performance indicators that they use to monitor business performance. The Company’s revenue and gross profit for the year ended 31 December 2022 were £17.7m and £2.0m (2021: £17.0m and £2.8 m), respectively. Revenue for the year increased by 4.1% to £17.7m (2021: £17.0m). The company made a profit before tax of £0.5m (2021: profit £1.6m). Turnover increased and overall gross margin decreased by 27.4%.

Principal risks and uncertainties

The Company’s operations expose it to a variety of risks and uncertainties, which include:

- credit risk in ensuring that payments from customers are received in full and on a timely basis; and
- market risk driven by volatility in raw material prices often caused by unpredictable weather or other significant changes in supply or demand.
- other treasury risks including liquidity, bank refinancing and increasing interest rates;
- Input cost inflation and increased wage pressure.

The Company has therefore taken appropriate steps to manage and control these risks, which include:

- agreeing appropriate payment terms with customers including, where necessary, payment in advance or by securing payment through bank letters of credit;
- taking a proactive role in ensuring that the Company’s systems and procedures are adapted to ensure compliance with new or changing legislative or regulatory requirements; and
- ensuring that purchases of raw materials are based upon a clear recognition of the risks involved and where appropriate inventory balances are held as a hedge against possible delays in supplier performance.
- Continuing to serve a broad portfolio of customers and markets, which helps mitigate the impact of the Coronavirus pandemic;
- Ensuring and monitoring inflationary impact on key raw materials and operational costs and passing on costs where appropriate; and
- Actions including product innovation and capex investment to reduce or eliminate additional cost pressure.

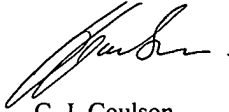
The Company has a Compliance and Risk Management team that is empowered to ensure that risk management is being implemented effectively.

FUERST DAY LAWSON (U.S.A.) LIMITED

Strategic report

Financial statements for the year ended 31 December 2022

Approved by the Board of Directors
and signed on behalf of the Board



C. J. Coulson

Secretary

4th August 2023

FUERST DAY LAWSON (U.S.A.) LIMITED

Directors' report

For the year ended 31 December 2022

The directors present their annual report, together with the financial statements and auditor's report, for the year ended 31 December 2022.

Results and dividends

The profit for the year after taxation amounted to £0.4m (2021: profit £1.3m). The directors do not recommend the payment of a dividend for the period (2021: £nil).

Going concern

The company is a subsidiary of FDL Holdings Limited and is subject to a financing facility with cross guarantees over the group entities. Consequently, the cashflow forecasts of the group as a whole are relevant in the assessment of going concern for the company, as the company's trading is inextricably linked to the covenant compliance of the group.

The Directors, at the time of approving the financial statements and, after assessing the principal risks, have considered the impact of any continued downside scenario brought about by COVID-19 or impacts from the Ukraine war, to be low and unlikely to have a significant impact in the jurisdictions in which FDL operates.

The Directors considered the impact of COVID-19 in 2020 and the rebound to near normal levels by the end of 2021 and the business growth in 2022, and are of the opinion that, in the event of a reoccurrence of a similar event(s), the Group would be able to manage the environment and business conditions.

Whilst there have been significant inflationary pressures over the course of 2022 through to early 2023 affecting the business environment that Group operate in, the Directors have considered several variables which may impact revenue, profits and cash flow and have taken action where necessary to address potential impacts to the business. These have included inevitably passing costs on to customers, capital investment initiatives, reformulating where feasible and reducing waste.

At 31 December 2022, the FDL Group had combined cash of £10.2m and an outstanding term loan of £20.4m (2021: £7m), with an undrawn Revolving Credit Facility of USD6m/£5m available. The Group negotiated an increase to its banking facility to £20.4m, an increase of £13.4m in the year which was utilised for the acquisition of Quest Ingredients Ltd on the 31st August 2022. The new facility extends out to the 31st August 2025.

FDL has modelled various scenarios for business performance through 2023 and 2024, based on the Group's experience over the course of 2022 and the first half of 2023. Assumptions are based on the current order book, the business performance for H1 2023, reviewing the impact of inflationary increases and the Ukraine war over the rest of 2023. The Group anticipates no reduction in turnover vs budget at approximately £101million, an increase of 13% on 2022 results. FDL saw a significant increase in inventory and working capital overall in 2022 due to supply chain constraints resulting in the extension of customer payment terms, accelerated payment terms to key suppliers to secure supply, and a need to hold more stock nearby, and it assumes that this higher level of working capital will remain for 2023 and 2024, driven by expected revenue growth in the underlying business.

The revenue and operational impact of such changes across FDL's operations during 2022 temporarily reduced the cash inflow for that year. However, the 2023 and 2024 budget and scenario modelling indicates a comfortable level of headroom on all banking covenants and shows that the Group and the Company will continue to have sufficient cash to meet its liabilities as they fall due. The Directors believe that the Group and the Company is well placed to manage its financing and other business risks satisfactorily and have adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who served throughout the period and to the date of signing except as noted, were as follows:

E Beatty
G S Elwin
S A Baseley
J L Hull
C C Thomas

FUERST DAY LAWSON (U.S.A.) LIMITED

Directors' report

For the year ended 31 December 2022

Directors' indemnities

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

The indemnity is in place for the directors of this Company and the directors of all associated companies.

Financial risk management

Financial risk management policies are outlined in the strategic report prepared by FDL Holdings Limited (registered number 09994468), the Company's ultimate parent company.

Future developments

Details of future developments can be found in the Strategic Report on page 1 and form part of this report by cross-reference.

Section 172 Reporting

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions.

In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

Shareholders & Company Ownership

FDL's Leadership Team and Board of Directors are openly engaged with the Ultimate Parent Company's shareholders and majority owner, Highlander Partners, L.P. Shareholders help to deliver on strategic and annual objectives through active participation as operating executives and Board members of the Company.

FDL senior leadership meets regularly with Board members and other shareholders to review progress against established objectives and to consider other ownership matters of relevance. Meetings take the form of weekly updates on business activity, monthly financial performance reviews, and quarterly Board reviews.

Health, Safety and Environment

The Company sets specific performance metrics across all of its locations to track occupational health and safety, process safety, and environmental stewardship. These metrics are reviewed with the Board of Directors on a monthly and quarterly basis.

In 2021 and continued through 2022 the Company established a Health & Safety Committee comprised of Executive Leadership Team members, which meets regularly to review HSE performance, key issues and any areas requiring specific intervention.

The Company undertook annual SECR Reporting, details of which are provided in the parent company accounts, FDL Holdings Limited.

People

The Company is committed to being a responsible and sustainable business and seeks to create an environment in which all employees are able to make a positive, valued contribution while developing their careers. At 31st December 2022, the Company had approximately 15 full time employees.

FUERST DAY LAWSON (U.S.A.) LIMITED

Directors' report

For the year ended 31 December 2022

In addition to the focus on improving talent across the organization, the Company continued to take numerous steps to improve employee communication and engagement, particularly as the Company moved away from the traditional office base working to a more hybrid approach of office/home working brought about by the COVID-19 lockdown measures. These included: establishment of a Group-wide intranet message board for providing news and updates; daily / weekly functional group video conferences; and quarterly "town hall" meetings led by the CEO to provide updates on overall business and key topics. As and when possible, the Board or individual Board members will engage directly with employees through regular visits to the Company's various locations.

Business Relationships

The Company operates across a range of industries and markets, serving customers in the UK and around the world. Customers choose FDL because of its ability to consistently deliver industry-leading innovation, value-added manufacturing, and full-scale service on a global basis. In 2021 and through 2022, FDL was able to work with customers to ensure steady supply during periods of significant supply chain disruption caused by the Ukraine war among others. The Company also continued to provide new product development support through remote / video consultation with customers, along with an increase in physical visits as restrictions eased in 2021. Despite the continued disruption and impact to key customer financial performance during and following the pandemic, the Company successfully grew its position with key accounts across its value-added portfolio.

The Company maintains longstanding relationships with numerous suppliers around the world. Strategic relationship meetings are conducted regularly between suppliers and FDL procurement / supply chain representatives. Through significant efforts and deep ties to its core suppliers, the Company experienced no significant supply disruptions in 2022, despite the continued COVID-related supply chain disruptions and "Brexit" challenges experienced in its key markets.

The Company aims to work responsibly with all stakeholders, including customers and suppliers, and affirms its positions on anti-corruption, anti-bribery, and the Modern Slavery Act.

Auditor

Each person who is a director of the Company at the date when this report was approved confirms that:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information (as defined) 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 section 418 of the Companies Act 2006.

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

Approved by the Board of Directors
and signed on behalf of the Board



E. Beatty
Director

4th August 2023

FUERST DAY LAWSON (U.S.A.) LIMITED

Statement of directors' responsibilities

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. 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 FRS101 "Reduced Disclosure Framework". 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 and 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;
- make judgements and 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 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.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

FUERST DAY LAWSON (U.S.A.) LIMITED

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUERST DAY LAWSON (U.S.A.) LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fuerst Day Lawson (U.S.A.) Limited ("the Company") for the year ended 31 December 2022 which comprise Statement of profit or loss, Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, 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.

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.

FUERST DAY LAWSON (U.S.A.) LIMITED

Independent auditor's report

Independent auditor's report (continued)

Other Companies Act 2006 reporting

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 material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities, 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.

Extent to which the audit was 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:

- obtaining an understanding of the legal and regulatory frameworks that are applicable to the Company; focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. These include, but are not limited to, compliance with the Companies Act, International Accounting Standards in conformity with the requirement of the Companies Act 2006 and tax legislation.

FUERST DAY LAWSON (U.S.A.) LIMITED

Independent auditor's report

Independent auditor's report (continued)

- making enquiries of management and the Board of the Company policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- making enquires of other personnel with roles relevant to compliance with laws and regulations.
- communicating the relevant identified laws and regulations and potential fraud risks to all engagement team members, and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
 - management override: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
 - challenging assumptions made by management in their significant accounting estimates for indications of bias or management override, in particular in relation to impairment reviews and stock provision.
 - identifying and testing manual journal entries, in particular any journal entries containing characteristics of audit interest such as journals which are inconsistent with the usual transactions of the Company.
 - management override in relation to revenue recognition. We evaluated the control environment pertaining to sales; specifically looking at IT general controls, cut-off testing and substantive testing to bank.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in management's incentive to manipulate earnings before tax.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

FUERST DAY LAWSON (U.S.A.) LIMITED

Independent auditor's report

Independent auditor's report (continued)

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

DocuSigned by:
David Campbell
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David Campbell (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
4th August 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

FUERST DAY LAWSON (U.S.A.) LIMITED

Statement of profit or loss

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Revenue	5	17,747,278	17,023,670
Cost of sales		(15,716,499)	(14,227,496)
Gross profit		2,030,779	2,796,174
Administrative expenses		(1,501,193)	(1,210,000)
Operating profit		529,586	1,589,174
Finance income	7	180	130
Profit before taxation		529,766	1,586,304
Tax charge	8	(100,655)	(309,108)
Profit for the financial year attributable to owners of the Company		429,111	1,277,196

Revenue and operating profit are all derived from continuing operations.

FUERST DAY LAWSON (U.S.A.) LIMITED

Statement of comprehensive income

For the year ended 31 December 2022

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Profit for the year	429,111	1,277,196
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to the owners of the Company	429,111	1,277,196

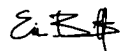
FUERST DAY LAWSON (U.S.A.) LIMITED

Statement of financial position

As at 31 December 2022

		At 31 December 2022 £	At 31 December 2021 £
	Note		
Current assets			
Inventories	10	3,007,745	3,935,402
Trade and other receivables	11	7,562,004	13,486,684
Current tax receivable	8	137,434	236,373
Cash and bank balances		174,591	115,324
Total assets		10,881,774	17,773,783
Current liabilities			
Trade and other payables	12	(2,811,510)	(10,132,630)
Total liabilities		(2,811,510)	(10,132,630)
Net assets		8,070,264	7,641,153
Equity			
Share capital	16	1,000	1,000
Equity settled employee benefit reserve	13	1,428,754	1,428,754
Retained earnings		6,640,510	6,211,399
Equity attributable to owners of the Company		8,070,264	7,641,153

The financial statements of Fuerst Day Lawson (U.S.A.) Limited (registered number 01867013) were approved by the board of directors and authorised for issue on 4th August 2023. They were signed on its behalf by:



E. Beatty
Director

FUERST DAY LAWSON (U.S.A.) LIMITED

Statement of changes in equity

For the year ended 31 December 2022

	Share capital £	Equity Settled employee benefit reserve £	Retained earnings £	Total £
Balance at 1 January 2021	1,000	1,428,754	4,934,203	6,363,957
Profit for the year	-	-	1,277,196	1,277,196
Other comprehensive income for the year	-	-	-	-
Total for the year	-	-	1,277,196	1,277,196
Balance at 31 December 2021	1,000	1,428,754	6,211,399	7,641,153
Profit for the year	-	-	429,111	429,111
Other comprehensive income for the year	-	-	-	-
Total for the year	-	-	-	-
Balance at 31 December 2022	1,000	1,428,754	6,640,510	8,070,264

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

1. General information

Fuerst Day Lawson (U.S.A) Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Metropolitan Wharf, 70 Wapping Wall, London, E1W 3SS.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 1.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of FDL Holdings Limited. The group accounts of FDL Holdings Limited are available to the public and can be obtained as set out in note 20.

2. Adoption of new and revised standards

a) New standards, interpretations and amendments adopted from 1 January 2022

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

None of the above have a significant impact on the Company.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Relates to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability. The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

3. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets, share-based payments and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of FDL Holdings Limited.

The financial statements have been prepared on the historical cost basis, except for the financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report on page 3.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary assets and liabilities are recognised in profit or loss.

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

3. Significant accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has identified the contract with the customer;
- the performance obligations are determined within the contract;
- the transaction price is determined;
- the allocation of the transaction price to the performance obligations within the contract; and
- revenue is recognised when the Company satisfies the performance obligations defined in the contract.

Interest revenue

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

3. Significant accounting policies (continued)

Taxation (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

3. Significant accounting policies (continued)

Financial assets

Financial assets are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value plus transaction costs, except for those classified as fair value through profit or loss, which are initially measured as fair value.

All financial assets are recognised and derecognised on the trade date basis, where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe of the market concerned.

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through the profit and loss); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Cash and cash equivalents carried at amortised cost consists of cash at bank in hand. Cash at bank and in hand and short-term bank deposits are shown under current assets on the Statement of Financial position.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company does not hold 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets.

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

3. Significant accounting policies (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

From the 1 January 2018, the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost or FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9 'Financial instruments' which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

3. Significant accounting policies (continued)

Effective interest method (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value plus transaction costs, except for those classified as fair value through profit or loss, which are initially measured as fair value.

All financial liabilities are recognised and derecognised on the trade date basis, where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe of the market concerned.

For liabilities measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in the Income Statement. Impairment losses are presented in the Income Statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured as FVOCI. The Company have no debt instruments measured at FVOCI.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. In addition, assets that are irrevocably designated as FVPL at origination to eliminate or significantly reduce an accounting mismatch are also measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL. A gain or loss on a debt investment in the Income Statement.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

3. Significant accounting policies (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, 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 Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Stock provision

Management assess the need for a stock provision regularly to ensure that the carrying value of stock is not overstated. This review requires management to make judgements about the realisable value of stock held, and to make a provision where in their opinion the realisable value of any stock items is below cost.

5. Revenue

An analysis of the company's revenue is as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Sales of goods	17,747,278	17,023,670
	<u>17,747,278</u>	<u>17,023,670</u>

Analysis of turnover by country of destination:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
UK	-	-
Europe	-	-
Rest of World	17,747,278	17,023,670
	<u>17,747,278</u>	<u>17,023,670</u>

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

6. Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Administration and Sales	15	12
	<u>15</u>	<u>12</u>

Their aggregate remuneration comprised:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Wages and salaries	594,457	537,673
Social security costs	62,641	55,139
Other pension costs	9,862	9,946
	<u>666,960</u>	<u>602,758</u>

The directors of the Company were not entitled to any remuneration for their services to the Company for the year ended 31 December 2022 (2021: £nil).

7. Net finance income

	At 31 December 2022 £	At 31 December 2021 £
Interest payable and similar charges on bank loans and overdrafts	-	-
Interest receivable and similar income	<u>180</u>	<u>130</u>
Net finance income	<u>180</u>	<u>130</u>

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

8. Tax

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Corporation tax:		
UK corporation tax	100,655	301,398
Adjustments in respect of prior years		
- UK corporation tax	-	7,710
	<hr/> 100,655	<hr/> 309,108
Double taxation relief	(1,535)	(1,452)
	<hr/> 99,120	<hr/> 307,656
Total UK corporation tax charge		
	99,120	307,656
Foreign tax charge on income for the year	1,535	1,452
	<hr/> 100,655	<hr/> 309,108

Corporation tax is calculated at 19% (2021: 19%) of the estimated taxable profit for the year.

As enacted in the Finance Act 2021 the standard rate of corporation tax in the UK remains at 19% until 31 March 2023. It will then be increased to 25% on 1 April 2023. Deferred tax has been provided at the rate at which the deferred tax asset/(liability) is expected to be utilised.

The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Profit before tax	529,766	1,586,304
Tax at the UK corporation tax rate of 19% (2021: 19%)	<hr/> 100,655	<hr/> 301,398
Adjustments recognised in current period that relate to the taxation of prior periods	-	7,710
	<hr/> 100,655	<hr/> 309,108
Tax expense for the year		

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

8. Tax (continued)

	At 31 December 2022 £	At 31 December 2021 £
UK Corporation tax receivable	137,434	236,373
Current tax asset	137,434	236,373

9. Profit for the year

Profit for the year has been arrived at after charging:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Fee's payable to the Company's auditor for: - audit of annual accounts	21,826	19,638

10. Inventories

	At 31 December 2022 £	At 31 December 2021 £
Raw materials for resale and for production	3,007,745	3,935,402
	3,007,745	3,935,402

11. Trade and other receivables

	At 31 December 2022 £	At 31 December 2021 £
Amount receivable for the sale of goods	1,868,063	1,737,320
Amounts owed by group undertakings	5,693,479	11,749,059
Prepayments	462	305
Amounts falling due within one year	7,562,004	13,486,684

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

12. Trade and other payables

	At 31 December 2022 £	At 31 December 2021 £
Trade payables	1,975,643	3,247,362
Amounts owed to group undertakings	835,867	6,885,268
	<hr/>	<hr/>
Amounts falling due within one year	2,811,510	10,132,630
	<hr/>	<hr/>

13. Share-based payment

On 21 November 2016 the Group issued 'A' shares to selected employees, share appreciation rights (SARs) that require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise. The vesting period is four years. There is no right to fixed income, voting and no dividends or distribution unless and until the Share Hurdle has been met. The Company has recorded cumulative expense in the equity reserve, the cumulative cost at 31 December 2022 is £1,428,754 (At 31 December 2021: £1,428,754) to reflect its share of the expense in relation to these employees.

On 11 December 2018 the Group issued 'B' shares to senior employees, SARs' which require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise. The vesting period is four years. There is no right to fixed income, voting and a reduced right to dividends or distribution unless and until the Share Hurdle has been met. As no shares have vested no liability was recorded at 31 December 2021 or 2022.

The exercise price of the granted shares is equal to the market price of the shares at the time of the award. The shares vest annually over the four years from the date of the award.

	£
At 1 January 2022	1,428,754
Charged to income statement	-
	<hr/>
At 31 December 2022	1,428,754
	<hr/>

Details of the fair value assumptions used in calculating the fair value are noted below.

	£
Weighted average share price	£0.000001
Weighted average fair value	£0.88
Vesting period (years)	4
Annualised volatility (%)	21
Risk-free rate	1.99%

Expected volatility was determined by calculating the average rate of the FTSE for the respective years.

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

14. Financial instruments

Categories of financial instruments:

	At 31 December 2022 £	At 31 December 2021 £
Financial assets		
Cash and bank balances	174,592	115,324
Loans and receivables		
Trade and other receivables	1,868,063	1,737,320
Financial liabilities		
Held at amortised cost		
Trade and other payables	(1,975,643)	(3,247,362)

15. Contingent liabilities

The Company has entered into guarantees securing certain banking facilities of its parent company and fellow subsidiaries. The loans and overdrafts drawn down by other group companies in respect of such facilities amounted to £20,400,000 at 31 December 2021 (2021: £7,000,000).

The Company is a member of a VAT group in the United Kingdom and is jointly liable for the VAT liabilities of other FDL subsidiaries with the group. These liabilities at 31 December 2022 amounted to nil (2021: nil).

The Company has entered into an indemnity agreement with its bankers as at 31 December 2022, in respect of a guarantee to the US Customs Service \$200,000 - £165,317 (2021: \$200,000 - £148,181).

16. Share capital

At 31 December	2022 No.	2022 £	2021 No.	2021 £
Issued and fully paid:				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
				£
At 1 January 2022				1,000
Issue of equity shares during the period				-
At 31 December 2022				<u>1,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

17. Related party transactions

During the year, the Company entered into the following trading transactions with related parties:

	Sale of goods		Purchase of goods	
	2022	2021	2022	2021
For the year ended 31 December	£	£	£	£
Fellow subsidiary undertakings:				
Fuerst Day Lawson Inc	2,369,219	1,360,211	-	-
Fuerst Day Lawson Limited	-	-	243,773	119,673
	<u>2,369,219</u>	<u>1,360,211</u>	<u>243,773</u>	<u>119,673</u>

Sales and purchases of goods to/from related parties were made cost price plus a 10% margin.

	Service Charge Income		Service Charge Cost	
	2022	2021	2022	2021
For the year ended 31 December	£	£	£	£
Fellow subsidiary undertakings:				
Fuerst Day Lawson Inc				
Sales agency charge	1,450,049	836,313	-	-
Fuerst Day Lawson Limited				
Management service charge	-	-	1,500,000	1,210,000
	<u>1,450,049</u>	<u>836,313</u>	<u>1,500,000</u>	<u>1,210,000</u>

The following amounts were outstanding at the statement of financial position date:

	Service Charge Income		Service Charge Cost	
	2022	2021	2022	2021
At 31 December	£	£	£	£
Parent undertakings:				
FDL Holdings Limited	-	-	-	-
FDL Acquisition No.1 Limited	-	-	-	-
FDL Acquisition No.2 Limited	-	-	389,143	389,142
Fuerst Day Lawson Holdings Limited	568,674	1,935,664	-	-
Fellow subsidiary undertakings:				
FDL Americas Limited	-	-	-	-
Fuerst Day Lawson Inc	5,124,805	-	-	6,481,166
Fuerst Day Lawson Limited	-	9,813,393	446,725	-
Fuerst Day Lawson (Europe) BV	-	-	-	14,959
Fuerst Day Lawson International Trade (Shanghai) Co. Ltd	-	-	-	-
	<u>5,693,479</u>	<u>11,749,057</u>	<u>835,868</u>	<u>6,885,268</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

FUERST DAY LAWSON (U.S.A.) LIMITED

Notes to the financial statements

For the year ended 31 December 2022

18. Controlling party

Throughout the year ended 31 December 2022 the Company's immediate parent company was Fuerst Day Lawson Holdings Limited, a company incorporated in United Kingdom and registered in England and Wales. On 18 February 2016, a majority holding in Fuerst Day Lawson Holdings Ltd and its subsidiaries was acquired by Highlander Partners, L.P., a private equity firm based in Dallas, Texas, U.S.A.

FDL Holdings Limited is the parent of the largest group that prepares consolidated financial statements. Copies of the consolidated group accounts for FDL Holdings Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ.

At 31 December 2022, the ultimate controlling party was Laurence E. Hirsch of Dallas, Texas, U.S.A.