Registered number: 02129153

HAM-LET CFS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY INFORMATION

Directors	B E Harding (appointed 14 March 2023) E Parnafes (appointed 28 February 2019) S Klee (resigned 31 March 2022) A Widmann (resigned 14 March 2023)
Company secretary	E Parnafes
Registered number	02129153
Registered office	12 Trafalgar Way Bar Hill Cambridge CB23 8SQ
Independent auditors	MHA Chartered Accountants and Statutory Auditors 6th Floor 2 London Wall Place London EC2Y 5AU

HAM-LET CFS LTD

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Business review

The principal activity of the Company continues to be the design, assembly, test and supply of gas and fluid components and systems predominantly for original equipment manufacturers in the semiconductor market. In addition to this, the Company seeks to secure large gas fluid systems projects and installation work in other markets.

As shown in the Income Statement the revenue increased to £34.7m (2021: £30.8m), primarily due to demand increase in the semiconducting market and the current year results of the underlying trade.

The increase in the gross profit is mainly due to better customer product mix and the increases in the material costs being passed onto the customers.

The operating profit for both years are similar, but in 2021 the results were higher due to the release of the waived debt for the merger with Ham-Let (UK) Fittings and Valves Limited.

The average number of employees increased during the financial year ended 31 December 2022 to enable the entity to service an increase in demand.

KPIs

	2022	*2021*
Revenue £000s	**34,717**	*30,767*
Gross margin (%)	**15**	*13*
Operating profit £000s	**3,039**	*2,353*
Operating margin (%)	**9**	*8*
Average number of employees	**87**	*69*

Future Developments

The Company is part of the UCT group, a NASDAQ traded company. Future development decisions are subject to decisions made at UCT's board level, that subsequently flow down the company.

Our strategic goal is to develop and grow accounts with major semi-conductor capital equipment manufacturers. As part of that goal the company has leased additional property and invested in a large cleanroom which is already operational.

The Company will continue to invest in new equipment to improve service to customers and efficiencies.

Principal risks and uncertainties

Competition Risk

The Company operates in a competitive market where new and existing businesses compete for market share. Uncertainty and pressure within the supply chain has heightened the risk to continuity of supply to our customers. As a result of Brexit, the competitive risk has increased due to a large proportion of our business being in central Europe.

With the Company now being part of the UCT group, overall risk has reduced and also allowed the Company to acquire new customers.

Credit Risk

The Company is subject to credit risk from its trade receivables. The Company has in place a provision policy for irrecoverable debt and does a credit check on new and existing customers. In accordance with the usual business practice for major installation projects the Company requires partial advance payments to mitigate its exposure to credit risk. In addition the Company is insuring its AR above $40k with an Israeli insurance company as part of its group policy.

Foreign currency risk

The Company has significant cash flows in US Dollars and Euros. The risk is minimised as the Company uses US Dollars and Euros for both purchases and sales. Further, these cash flows during the year have not resulted in substantial currency exposure for the company.

Impact of Brexit

The Company has provided extra resource to ensure all new product movement requirements are adhered to. This includes the proactive management of documentation and tariff management.

Supply chains continue to be under pressure. Raw material and component price inflation is very visible. Recruitment of qualified staff is a significant challenge. Over time, the incremental cost of all areas will be passed on to the customer.

Current product delivery times have increased from one day to multiple days due to prolonged customs procedures and shortage of lorry drivers.

Impact of war between Ukraine and Russia

The Company has considered the impact of the war, we do not have customers or suppliers in the region and as as such the impact is limited to increased fuel costs.

Going concern

The Company's business activities, together with the future developments, performance, financial position and uncertainties, along with the Company's policies and processes are set above in the Strategic Report. The Directors have considered these risks and the Financial Statements have been prepared on a going concern basis, which assumes the Company will continue to be able to meet its liabilities as they fall due for at least 12 months following the date of approval of these Financial Statements, having considered the impact of Brexit and the war in Russia and Ukraine as disclosed in the Strategic and Directors Report.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Other key performance indicators

	2022	2021
Creditor days	42	43
Debtor days (manufacturing)	45	51
Debtor days (distribution)	72	69

Both debtors and suppliers KPI in 2021 were affected by Covid-19 lockdowns.

	2022	2021
OTD customers	90%	75%

The delivery KPI in 2021 was affected by supply chain issues caused by Covid-19, which recovered in 2022.

This report was approved by the board on 29 September 2023 and signed on its behalf.

E Parnafes
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 '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 or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £2,398,434 *(2021 - £1,873,047)*.

No dividends were declared as at 31 December 2022 (2021: £nil).

Directors

The directors who served during the year were:

E Parnafes (appointed 28 February 2019)
S Klee (resigned 31 March 2022)
A Widmann (resigned 14 March 2023)

Future developments

The details of the future developments can be found on page 1 of the Strategic Report.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditors changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditors will be proposed at the next Annual General Meeting.

This report was approved by the board on 29 September 2023 and signed on its behalf.

E Parnafes
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAM-LET CFS LTD

Opinion

We have audited the financial statements of Ham-let CFS Ltd (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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).

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.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAM-LET CFS LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the 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 Directors' responsibilities statement set out on page 4, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAM-LET CFS LTD (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

Stephen Poleykett BA (Hons) FCA (Senior statutory auditor)

for and on behalf of
MHA

Chartered Accountants and Statutory Auditors

6th Floor
2 London Wall Place
London
EC2Y 5AU

29 September 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	*2021 £*
Turnover	4	**34,716,684**	*30,766,794*
Cost of sales		**(29,561,086)**	*(26,761,650)*
Gross profit		**5,155,598**	*4,005,144*
Administrative expenses		**(2,122,838)**	*(2,414,247)*
Other operating income		**-**	*761,669*
Operating profit	5	**3,032,760**	*2,352,566*
Interest payable and similar expenses	9	**(53,411)**	*(201,577)*
Profit before tax		**2,979,349**	*2,150,989*
Tax on profit	10	**(580,915)**	*(277,942)*
Profit for the financial year		**2,398,434**	*1,873,047*
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Total comprehensive income for the year		**2,398,434**	*1,873,047*

The notes on pages 13 to 35 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	11		**14,449**		*12,949*
Tangible assets	12		**1,130,829**		*496,383*
Investments	13		**21,278**		*21,278*
			1,166,556		*530,610*
Current assets					
Stocks	14	**5,871,016**		*4,278,201*	
Debtors: amounts falling due within one year	15	**7,564,500**		*4,885,916*	
Cash at bank and in hand	16	**2,901,324**		*3,332,178*	
		16,336,840		*12,496,295*	
Creditors: amounts falling due within one year	17	**(9,137,893)**		*(7,474,135)*	
Net current assets			**7,198,947**		*5,022,160*
Total assets less current liabilities			**8,365,503**		*5,552,770*
Creditors: amounts falling due after more than one year	18		**(456,033)**		*(60,951)*
			7,909,470		*5,491,819*
Provisions for liabilities					
Deferred taxation	21	**(70,138)**		*(59,321)*	
Other provision		**(165,400)**		*(157,000)*	
			(235,538)		*(216,321)*
Net assets excluding pension asset			**7,673,932**		*5,275,498*
Net assets			**7,673,932**		*5,275,498*
Capital and reserves					
Called up share capital	23		**59,375**		*59,375*
Profit and loss account	24		**7,614,557**		*5,216,123*
			7,673,932		*5,275,498*

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2023.

E Parnafes
Director

The notes on pages 13 to 35 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	59,375	3,343,076	3,402,451
Comprehensive income for the year			
Profit for the year	-	1,873,047	1,873,047
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,873,047	1,873,047
Total transactions with owners	-	-	-
At 1 January 2022	59,375	5,216,123	5,275,498
Comprehensive income for the year			
Profit for the year	-	2,398,434	2,398,434
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	2,398,434	2,398,434
Total transactions with owners	-	-	-
At 31 December 2022	59,375	7,614,557	7,673,932

The notes on pages 13 to 35 form part of these financial statements.

1. General information

Ham-Let CFS Ltd (the Company) is a private company, limited by shares, registered and incorporated in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

The principal activity of the Company continues to be the design, assembly, test and supply of gas fluid components and systems predominantly for original equipment manufacturers in the semiconductor market. In addition to this, the Company seeks to secure large gas fluid systems projects and installation work in other markets.

2. Accounting policies

2.1 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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Cutsomers

- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, and paragraph 73(e) of IAS 16 Property, Plant and Equipment

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements

- the requirements of IAS 7 Statement of Cash Flows

- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures

- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will continue to be able to meet its liabilities as they fall due for at least 12 months following the date of approval of these financial statements, having considered the impact of the war between Russia and Ukraine as disclosed in the Directors Report.

2. Accounting policies (continued)

2.4 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 profit or loss 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 profit or loss within 'other operating income'.

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Computer software	-	3	years

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 12.5% straight-line
Motor vehicles	- 25% straight-line
Office equipment	- 25% straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.18 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction

2. Accounting policies (continued)

2.18 Financial instruments (continued)

of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This 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 amortised cost of a financial liability.

2.19 Leased assets: the Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. For these leases, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economics benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

2. Accounting policies (continued)

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The critical estimates in applying these policies are:

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment to assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Directors consider factors such as the ageing of receivables, past experiences of recoverability, and the credit profile of groups of customers.

Dilapidation provision

Management apply judgement in providing for future dilapidation payments on the leased properties. This is outlined further in note 22.

Determining residual values and useful economic lives of property, plant and equipment

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectation about future use, and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual value for plant, machinery and equipment. When determining the residual value, management aims to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where pissible this is done with reference to external market prices.

Determining residual values and useful economic lives of intangible assets

The Company amortises intangible assets over their estimated useful lives. The estimation of the useful lives of intangible assets is based on historic performance as well as expectations about future use, and therefore requires estimates and assumptions ot be applied by management.

Where the useful estimated life cannot be reliably estimated this is deemed to be a period of less than 10 years.

Judgement is applied by management when determining the residual values for intangible assets. When determining the residual value, management aims to assess the amount that the Company would currently obtain for the disposal of the assrt with reference to external market prices where available.

3. Judgments in applying accounting policies (continued)

Deferred tax

The recognition of the deferred tax asset is based upon whether there will be sufficient taxable profits available in the future, against which the reversal of temporary differences can be deducted.

Recognition involves judgment regarding the future financial performance of the Company.

Leases

IFRS 16 requires management to apply judgement in determining what classifies as a lease, calculating the lease life and using an appropriate discount rate when calculating the lease liability.

4. Turnover

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

	2022 £	*2021 £*
Principal activity	34,716,684	*30,766,794*
	34,716,684	*30,766,794*

Analysis of turnover by country of destination:

	2022 £	*2021 £*
United Kingdom	17,190,259	*13,208,158*
Rest of Europe	17,256,003	*17,332,946*
Rest of the world	270,422	*225,690*
	34,716,684	*30,766,794*

5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	246,194	218,981
Amortisation of intangible assets, including goodwill	(5,515)	-
Exchange differences	(214,968)	156,485
Defined contribution pension cost	199,602	175,524
Other income	-	(761,669)

Other income in the prior year relates to funds released on the formal waiver of the debt consideration previously payable to Ham-Let UK - Fittings & Valves Limited in respect of the trade and asset acquisition on 31 December 2020.

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2022	2021
	£	£
The auditing of accounts of the Company	31,000	26,500
Taxation compliance services	3,000	2,000
All non-audit services not included above	4,500	-

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	*2021* *£*
Wages and salaries	**3,332,354**	*2,878,229*
Social security costs	**329,375**	*288,552*
Cost of defined contribution scheme	**199,602**	*175,524*
	3,861,331	*3,342,305*

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

	2022 No.	*2021* *No.*
Production staff	**54**	*42*
Sales and administrative staff	**33**	*26*
Directors	**1**	*1*
	88	*69*

8. Directors' remuneration

	2022 £	*2021* *£*
Directors' emoluments	**114,410**	*386,595*
Company contributions to defined contribution pension schemes	**6,279**	*21,263*
	120,689	*407,858*

During the year retirement benefits were accruing to 1 directors *(2021 - 1)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £114,410 *(2021 - £386,595)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,279 *(2021 - £21,263)*.

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	929	376
Other interest payable	41,323	190,828
Finance leases and hire purchase contracts	11,159	10,373
	53,411	201,577

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	570,098	243,016
	570,098	243,016
Total current tax	570,098	243,016
Deferred tax		
Origination and reversal of timing differences	10,817	34,926
Total deferred tax	10,817	34,926
Tax on profit	580,915	277,942

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2021 - lower than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022	*2021*
	£	*£*
Profit on ordinary activities before tax	**2,979,349**	*2,150,989*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**566,076**	*408,688*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,155**	*1,056*
Non-taxable waived debt income	**-**	*(144,717)*
Fixed asset differences	**13,684**	*(2,036)*
Remeasurement of deferred tax for changes in tax rates	**-**	*14,237*
Adjustments to tax charge in respect of prior periods	**-**	*1,635*
Adjustments to tax charge in respect of prior periods - deferred tax	**-**	*(921)*
Total tax charge for the year	**580,915**	*277,942*

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

11. Intangible assets

	Computer software £
Cost	
At 1 January 2022	**41,238**
Additions - external	**7,015**
At 31 December 2022	**48,253**
Amortisation	
At 1 January 2022	**28,289**
Charge for the year on owned assets	**5,515**
At 31 December 2022	**33,804**
Net book value	
At 31 December 2022	**14,449**
At 31 December 2021	*12,949*

12. Tangible fixed assets

	Leased assets	Plant and machinery	Motor vehicles	Office equipment	Assets in the course of construction	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2022	565,804	825,639	6,958	354,533	-	1,752,934
Additions	531,040	71,354	-	35,201	243,045	880,640
At 31 December 2022	1,096,844	896,993	6,958	389,734	243,045	2,633,574
Depreciation						
At 1 January 2022	384,508	607,819	6,958	257,266	-	1,256,551
Charge for the year on owned assets	-	39,007	-	59,153	-	98,160
Charge for the year on right-of-use assets	148,034	-	-	-	-	148,034
At 31 December 2022	532,542	646,826	6,958	316,419	-	1,502,745
Net book value						
At 31 December 2022	564,302	250,167	-	73,315	243,045	1,130,829
At 31 December 2021	*181,296*	*217,820*	*-*	*97,267*	*-*	*496,383*

12. Tangible fixed assets (continued)

Assets in the course of construction have not been depreciated until the asset is brought into use.

13. Fixed asset investments

	Investments in subsidiary companies
	£
Cost or valuation	
At 1 January 2022	21,278
At 31 December 2022	21,278

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Cambridge Fluid Systems GmbH	C/O HHC, Alkuinstrasse 2a, 52070, Aachen, Germany	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Cambridge Fluid Systems GmbH	353,362	84,450

14. Stocks

	2022 £	*2021 £*
Bought in parts and components	**4,676,987**	*3,140,957*
Work in progress	**1,194,029**	*1,137,244*
	5,871,016	*4,278,201*

Stock recognised in cost of sales during the year as an expense was £25,795,449 (2021: £23,720,546).

An impairment credit of £359,777 (2021: £276,514) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock. The net increase in the provision during the year was £83,263 (2021: £184,562).

15. Debtors

	2022 £	*2021 £*
Trade debtors	**5,915,126**	*3,375,990*
Amounts owed by group undertakings	**1,166,407**	*749,443*
Other debtors	**373,712**	*651,898*
Prepayments and accrued income	**109,255**	*108,585*
	7,564,500	*4,885,916*

16. Cash and cash equivalents

	2022 £	*2021 £*
Cash at bank and in hand	**2,901,324**	*3,332,178*
	2,901,324	*3,332,178*

17. Creditors: Amounts falling due within one year

	2022 £	*2021 £*
Trade creditors	**2,106,435**	*1,375,014*
Amounts owed to group undertakings	**6,071,902**	*5,351,136*
Corporation tax	**243,553**	*196,723*
Other taxation and social security	**106,443**	*104,600*
Lease liabilities	**113,851**	*130,390*
Accruals and deferred income	**495,709**	*316,272*
	9,137,893	*7,474,135*

18. Creditors: Amounts falling due after more than one year

	2022 £	*2021 £*
Lease liabilities	**456,033**	*60,951*
	456,033	*60,951*

19. Lease liability

Company as a lessee

On 1 January 2019, the Company adopted IFRS 16 Leases using the modified retrospective approach, with no restatement of comparative information and no adjustment to opening retained earnings recorded upon transition. Refer to note 13 where the right of use assets have been recognised within Property, Plant and Equipment. Lease liabilitities are classified between current and non-current on the Balance Sheet.

Lease liabilities are due as follows:

	2022	*2021*
	£	*£*
Not later than one year	**113,851**	*130,390*
Between one year and five years	**456,033**	*60,951*
	569,884	*191,341*

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2022	*2021*
	£	*£*
Interest expense on lease liabilities	**11,159**	*10,373*

20. Financial instruments

	2022 £	*2021 £*
Financial assets		
Financial assets measured at fair value through profit or loss	**2,901,324**	*3,332,178*
Financial assets that are debt instruments measured at amortised cost	**7,098,630**	*4,141,151*
	9,999,954	*7,473,329*
Financial liabilities		
Financial liabilities measured at amortised cost	**(9,400,930)**	*(7,390,763)*

Financial assets measured at fair value through profit or loss comprises of cash and cash equivalents.

Financial assets measured at amortised cost comprises of trade debtors, other debtors, amounts owed by group undertakings and accrued income.

Financial liabilities measured at amortised cost comprises of trade creditors, other creditors, amounts owed to group undertakings, obligations under finance leases, accruals and provisions.

21. Deferred taxation

	2022 £
At beginning of year	**(59,321)**
Charged to profit or loss	**(10,817)**
At end of year	**(70,138)**

The provision for deferred taxation is made up as follows:

	2022 £	*2021 £*
Accelerated capital allowances	**(73,404)**	*(64,107)*
Short term timing differences	**3,266**	*4,786*
	(70,138)	*(59,321)*

22. Provisions

	Dilapidation provision £
At 1 January 2022	157,000
Other movements	8,400
At 31 December 2022	**165,400**

The dilapidation provision represents the cost of returning the leased properties to their original state on termination of the leases. The provision is measured at the cost stated in an external professional valuation report obtained in 2014. The leases to which this provision relates terminates in 2023.

23. Share capital

	2022 £	*2021 £*
Allotted, called up and fully paid		
1.187,500 *(2021 - 1,187,500)* Ordinary shares shares of £0.05 each	**59,375**	*59,375*

Each ordinary share carries with them one voting right, but do not have any preference or any other restrictions attached to them.

24. Reserves

Profit and loss account

The reserve is used to record the accumulated distributable profits and losses realised during the course of the year.

25. Contingent liability

The Company has a contingent liability of £20,000 (2021: £20,000) to its bankers under a counter indemnity in respect of value added tax.

26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £199,602 (2021: £175,524).

Contributions totalling £21,867 (2021: £19,142) were payable to the fund at the Balance Sheet date and are included in other creditors.

27. Related party transactions

At the year end the Company was a wholly owned subsidiary of Ultra Clean Holdings Inc, and has taken advantage of the exemption from IAS 24 Related Party Transactions under Financial Reporting Standard 101 to not disclose related party transactions between entities that are wholly owned.

28. Controlling party

At the year end, the ultimate parent Company and controlling party is Ultra Clean Holdings Inc, a Company incorporated in USA and listed on the New York Stock Exchange.

The largest and smallest group in which the results are consolidated is that headed by Ultra Clean Holdings Inc. Copies of the financial statements may be obtained from UCT, 26462 Corporate Avenue, Hayward, CA 94545, USA.