
**HAM-LET CFS LIMITED (FORMERLY CAMBRIDGE FLUID SYSTEMS
LIMITED)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

COMPANY INFORMATION

Directors	Stefan Klee Eliezer Parnafes Amir Widmann
Company secretary	Eliezer Parnafes
Registered number	02129153
Registered office	Unit 12 Trafalgar Way Bar Hill Cambridge CB23 8SQ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Bankers	HSBC Bank Plc 60 Queen Victoria Street London EC4N 4TR

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

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HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The Directors are responsible for preparing 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Principal activity

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.

Results and dividends

The profit for the year, after taxation, amounted to £1,039,312 (2019 - £387,207).

During the year, the Company paid dividends of £401,655 (2019 - £766,832).

Directors

The Directors who served during the year were:

Stefan Klee
Eliezer Parnafes
Amir Widmann

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Future developments

The Directors consider that the Company will continue to operate in a similar fashion for the foreseeable future.

Purchase of trade and assets of Ham-Let (U.K.) - Fittings & Valves Limited

On 31 December 2020 the company acquired the trade and assets of Ham-Let (U.K.) - Fittings & Valves Limited, a wholly-owned subsidiary of Ham-Let (Israel-Canada) Ltd, for a consideration of net assets reflected in a balance sheet as at the transfer date. These have been included in the company's balance sheet at their fair value at the date of acquisition, which is equal to their cost.

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.

Covid-19

After the July 2021 UK government easing of Covid-19 measures, the Company had immediate cases of Covid-19 which were detected through the Company's rigorous testing.

Employees had to isolate and this impacted the Company's labour capacity significantly.

Going forward, the Company will maintain all previous measures with distancing, masks and hand hygiene. All employees will get tested twice a week.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Post balance sheet events

On 31 March 2021, Ultra Clean Holdings, Inc. completed the acquisition of Ham-Let (Israel - Canada) Ltd, the ultimate parent company and controlling party of Ham-Let CFS Ltd. Going forward, the ultimate parent company and controlling party of Ham-Let CFS Ltd is Ultra Clean Holdings, Inc.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A (1) (a) of the Companies Act 2006.

The Directors have also taken advantage of the small companies exemption from preparing a strategic report provided by section 414B (a) of the Companies Act 2006.

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



Stefan Klee
Director

Date:

17 / 12 / 21

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

Opinion

We have audited the financial statements of Ham-Let CFS Ltd (Formerly Cambridge Fluid Systems Limited) (the 'Company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 FRS 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 2020 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAM-LET CFS LTD (FORMERLY
CAMBRIDGE FLUID SYSTEMS LIMITED)**

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 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.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 either the Directors 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: Anti-bribery, corruption and fraud and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAM-LET CFS LTD (FORMERLY
CAMBRIDGE FLUID SYSTEMS LIMITED)**

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

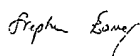
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Use of the audit 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.



Stephen Eames (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: Dec 17, 2021

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	14,292,589	11,026,163
Cost of sales		(11,248,897)	(9,181,793)
Gross profit		3,043,692	1,844,370
Administrative expenses		(1,673,103)	(1,344,068)
Operating profit	5	1,370,589	500,302
Interest payable and expenses	10	(31,910)	(19,023)
Profit before tax		1,338,679	481,279
Tax on profit	11	(299,367)	(94,072)
Profit for the financial year		1,039,312	387,207
Other comprehensive income		-	-
Total comprehensive income for the year		1,039,312	387,207

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of Comprehensive Income.

The notes on pages 12 to 33 form part of these financial statements.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)
REGISTERED NUMBER: 02129153

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	5,238	5,281
Tangible assets	14	512,891	587,132
Investments	15	22,523	21,422
		<u>540,652</u>	<u>613,835</u>
Current assets			
Stocks	16	3,094,988	1,364,024
Debtors: amounts falling due within one year	17	3,512,223	1,480,643
Cash at bank and in hand	18	2,070,479	856,869
		<u>8,677,690</u>	<u>3,701,536</u>
Creditors: amounts falling due within one year	19	(5,451,626)	(1,082,761)
Net current assets		<u>3,226,064</u>	<u>2,618,775</u>
Total assets less current liabilities		<u>3,766,716</u>	<u>3,232,610</u>
Creditors: amounts falling due after more than one year		(191,270)	(309,701)
Provisions for liabilities			
Deferred tax	23	(24,395)	(17,915)
Other provisions	24	(148,600)	(140,200)
		<u>(172,995)</u>	<u>(158,115)</u>
Net assets		<u><u>3,402,451</u></u>	<u><u>2,764,794</u></u>
Capital and reserves			
Called up share capital	25	59,375	59,375
Profit and loss account	27	3,343,076	2,705,419
		<u><u>3,402,451</u></u>	<u><u>2,764,794</u></u>

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime and in accordance with FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)
REGISTERED NUMBER: 02129153

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

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



Stefan Klee
Director

The notes on pages 12 to 33 form part of these financial statements.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	59,375	2,705,419	2,764,794
Comprehensive income for the year			
Profit for the year	-	1,039,312	1,039,312
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,039,312	1,039,312
Dividends: Equity capital	-	(401,655)	(401,655)
Total transactions with owners	-	(401,655)	(401,655)
At 31 December 2020	<u>59,375</u>	<u>3,343,076</u>	<u>3,402,451</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	59,375	3,085,044	3,144,419
Comprehensive income for the year			
Profit for the year	-	387,207	387,207
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	387,207	387,207
Dividends: Equity capital	-	(766,832)	(766,832)
Total transactions with owners	-	(766,832)	(766,832)
At 31 December 2019	<u>59,375</u>	<u>2,705,419</u>	<u>2,764,794</u>

The notes on pages 12 to 33 form part of these financial statements.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Ham-Let CFS Ltd (Formerly Cambridge Fluid Systems Limited) ('the Company') is a private company limited by shares, registered and incorporated in England and Wales. Company registered number 02129153. The address of its registered office and principal place of business is Unit 12, Trafalgar Way, Bar Hill, Cambridge, CB23 8SQ.

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.

These financial statements have been presented in Pounds Sterling (£), this being the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Monetary amounts included in these financial statements have been rounded to the nearest whole £.

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 judgement 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 requirements 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 Customers
- 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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 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 in 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.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.4 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 Covid-19 as disclosed in the Directors Report.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling (£).

Transactions and balances

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

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

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

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.6 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.

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.

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.8 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 the Statement of Comprehensive Income 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.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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.

2.10 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
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The amortisation expense is charged to administrative expenses within the Statement of Comprehensive Income.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.11 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.

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.

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 the Statement of Comprehensive Income.

The depreciation expense is charged to administrative expenses within the Statement of Comprehensive Income.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 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 an average costing 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 the Statement of Comprehensive Income.

2.14 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.

2.15 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.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.16 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.

2.17 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.

2.18 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 the Statement of Comprehensive Income 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.

2.19 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

Financial assets are recognised in the Balance Sheet when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs. All financial assets are classified as financial assets at amortised cost if the assets comprise assets held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

After initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on financial assets at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

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.

2.21 Leased assets: the Company as 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 economic 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 by 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.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

Leased assets: the Company as lessee (continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Lease payment in an optional renewal period that the Company is reasonably certain to exercise an extension option. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

The preparation of financial statements in conformity with FRS 101 requires the use of judgements, 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 reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Critical judgements in applying the company's accounting policies

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 experience of recoverability, and the credit profile of individual or groups of customers.

Provisions for stock

Management apply judgement in evaluating stock for obsolescence. This judgement is based on management knowledge of the stock and customer demand, as well as stock age. At each Balance Sheet date stocks are assessed for impairment and written down where appropriate.

Dilapidation provision

Management apply judgement in providing for future dilapidation payments on the leased properties. This is outlined further in note 24.

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 expectations 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.

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Judgements in applying accounting policies (continued)

Judgement is applied by management when determining the residual values 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 possible 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 to 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 asset with reference to external market prices where available.

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 judgement 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:

	2020	2019
	£	£
Principal activity	14,292,589	11,026,163

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	4,943,068	3,347,158
Rest of Europe	9,011,571	7,615,514
Rest of the world	337,950	63,491
	14,292,589	11,026,163

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Operating profit

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

	2020	2019
	£	£
Depreciation of tangible fixed assets	182,983	169,274
Amortisation of intangible fixed assets	2,412	2,227
Exchange differences	9,949	50,573
	<u> </u>	<u> </u>

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	22,250	16,500
	<u> </u>	<u> </u>
Fees payable to the Company's auditor in respect of non-audit services	9,825	8,190
	<u> </u>	<u> </u>

7. Employees

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

	2020	2019
	No.	No.
Production staff	30	23
Sales and Administrative staff	22	16
Directors	1	1
	<u> </u>	<u> </u>
	<u>53</u>	<u>40</u>

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Staff costs

	2020	2019
	£	£
Wages and salaries	1,799,049	1,443,977
Social security costs	169,202	159,058
Cost of defined contribution scheme	113,776	107,977
	<u>2,082,027</u>	<u>1,711,012</u>

9. Directors remuneration

	2020	2019
	£	£
Directors' emoluments	241,000	282,638
Company contributions to defined contribution pension schemes	6,000	6,417
	<u>247,000</u>	<u>289,055</u>

During the year retirement benefits were accruing to 1 Directors (2019 - 1) in respect of defined contribution pension schemes. The remaining directors are remunerated for their services through other group companies where they are considered employees.

The highest paid Director received remuneration of £241,000 (2019 - £282,638).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £6,000 (2019 - £6,417).

10. Interest payable and similar expenses

	2020	2019
	£	£
Bank interest payable	128	136
Other interest payable	16,636	-
Finance leases and hire purchase contracts	15,146	18,887
	<u>31,910</u>	<u>19,023</u>

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	293,787	90,318
Total current tax	<u>293,787</u>	<u>90,318</u>
Deferred tax		
Origination and reversal of timing differences	5,580	3,754
Total deferred tax	<u>5,580</u>	<u>3,754</u>
Taxation on profit on ordinary activities	<u>299,367</u>	<u>94,072</u>

Factors affecting tax charge for the year

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

	2020	2019
	£	£
Profit on ordinary activities before tax	<u>1,338,679</u>	<u>481,279</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	254,349	91,443
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	39,100	611
Fixed asset differences	2,803	2,098
Adjusting deferred tax to average rate	-	(404)
Remeasurement of deferred tax for changes in tax rates	2,275	-
Amounts relating to other comprehensive income or otherwise transferred	(102)	-
Adjustments to tax charge in respect of prior periods	(490)	-
Adjustments to tax charge in respect of prior periods - deferred tax	1,432	324
Total tax charge for the year	<u>299,367</u>	<u>94,072</u>

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation (continued)

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.

12. Dividends

	2020 £	2019 £
Dividends paid	401,655	766,832

Dividends of £401,655 (£6.76472 per share) were declared and paid in the year (2019 - £766,832), no other dividends were declared at the year end.

13. Intangible assets

	Computer software £
Cost	
At 1 January 2020	27,448
Additions	2,369
At 31 December 2020	29,817
Amortisation	
At 1 January 2020	22,167
Charge for the year on owned assets	2,412
At 31 December 2020	24,579
Net book value	
At 31 December 2020	5,238
At 31 December 2019	5,281

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Intangible assets (continued)

14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Leased assets £	Total £
Cost					
At 1 January 2020	625,024	20,957	271,807	548,841	1,466,629
Additions	39,572	-	37,556	16,963	94,091
Acquisition of trade and assets	-	-	14,750	-	14,750
At 31 December 2020	<u>664,596</u>	<u>20,957</u>	<u>324,113</u>	<u>565,804</u>	<u>1,575,470</u>
Depreciation					
At 1 January 2020	569,149	20,957	166,670	122,721	879,497
Charge for the year on owned assets	17,147	-	36,455	-	53,602
Charge for the year on right- of-use assets	-	-	-	129,480	129,480
At 31 December 2020	<u>586,296</u>	<u>20,957</u>	<u>203,125</u>	<u>252,201</u>	<u>1,062,579</u>
Net book value					
At 31 December 2020	<u>78,300</u>	<u>-</u>	<u>120,988</u>	<u>313,603</u>	<u>512,891</u>
At 31 December 2019	<u>55,875</u>	<u>-</u>	<u>105,137</u>	<u>426,120</u>	<u>587,132</u>

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	21,422
Foreign exchange movement	1,101
At 31 December 2020	<u>22,523</u>

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 2020 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	229,631	54,650

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16. Stocks

	2020 £	2019 £
Bought in parts and components	2,410,540	902,856
Work in progress	684,448	461,168
	<u>3,094,988</u>	<u>1,364,024</u>

Stock recognised in cost of sales during the year as an expense was £9,782,696 (2019 - £7,925,644).

An impairment credit of £91,952 (2019 - £36,901) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock. The net reversal of the provision during the year was £55,051 (2019 - £15,719).

17. Debtors

	2020 £	2019 £
Trade debtors	2,471,381	1,253,176
Amounts owed by group undertakings	596,478	61,574
Other debtors	16,076	16,074
VAT repayable	319,755	78,368
Prepayments and accrued income	108,533	71,451
	<u>3,512,223</u>	<u>1,480,643</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>2,070,479</u>	<u>856,869</u>

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,398,645	413,492
Amounts owed to group undertakings	3,381,206	208,769
Corporation tax	177,120	48,315
Other taxation and social security	67,681	38,290
Obligations under finance lease and hire purchase contracts	133,626	124,343
Other creditors	-	9,449
Accruals and deferred income	293,348	240,103
	<u>5,451,626</u>	<u>1,082,761</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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

	2020	2019
	£	£
Lease liabilities	<u>191,270</u>	<u>309,701</u>

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Lease liability

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 14 there the Right-of-use assets have been recognised within Property, Plant and Equipment. Lease liabilities are classified between current and non-current on the Balance Sheet.

	2020 £	2019 £
Maturity analysis - contractual undiscounted cash flows		
Within one year	126,274	123,493
Between 1-5 years	185,604	319,563
Total undiscounted cash flows	<u>311,878</u>	<u>443,056</u>

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

	2020 £	2019 £
Lease liabilities included in the Balance Sheet at 31 December		
Within one year	133,554	124,343
Between 1-5 years	191,270	309,701
Present value of lease obligations	<u>324,824</u>	<u>434,044</u>

	2020 £	2019 £
Amounts recognised in the Statement of Comprehensive Income		
Interest on lease liabilities	15,146	18,887
Depreciation expense charged in the year on Right-of-use assets	129,480	122,721
	<u>144,626</u>	<u>141,608</u>

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through the Statement of Comprehensive Income	2,070,479	856,869
Financial assets measured at amortised cost	3,083,935	1,330,825
	<u>5,154,414</u>	<u>2,187,694</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>5,546,691</u>	<u>(1,446,057)</u>
Financial assets measured at fair value through the Statement of Comprehensive Income 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.		

23. Deferred taxation

	2020 £	2019 £
At beginning of year	(17,915)	(14,161)
Charged to the Statement of Comprehensive Income	(6,480)	(3,754)
At end of year	<u>(24,395)</u>	<u>(17,915)</u>
The provision for deferred taxation is made up as follows:		
	2020 £	2019 £
Accelerated capital allowances	(25,960)	(20,738)
Short term timing differences	1,565	2,823
	<u>(24,395)</u>	<u>(17,915)</u>

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

24. Provisions

	Dilapidation provision £
At 1 January 2020	140,200
Utilised in year	8,400
At 31 December 2020	148,600

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.

25. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,187,500 (2019 - 1,187,500) Ordinary 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.

26. Purchase of trade and assets of Ham-Let (U.K.) - Fittings & Valves Limited

On 31 December 2020 the company acquired the trade and assets of Ham-Let (U.K.) - Fittings & Valves Limited, a wholly-owned subsidiary of Ham-Let (Israel-Canada) Ltd, for a consideration of net assets reflected in a balance sheet as at the transfer date. These have been included in the company's balance sheet at their fair value at the date of acquisition, which is equal to their cost.

27. Reserves

Profit and loss account

The Profit and loss account represents the cumulative profits and losses of the Company, less any dividends paid.

28. Contingent liabilities

The Company has a contingent liability of £20,000 to its bankers under a counter indemnity in respect of value added tax (2019 - £20,000).

HAM-LET CFS LTD (FORMERLY CAMBRIDGE FLUID SYSTEMS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

29. 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 £113,776 (2019 - £107,977).

Contributions totalling £12,982 (2019 - £9,449) were payable to the fund at the Balance Sheet date and are included in other creditors.

30. Related party transactions

At the year end the Company is a wholly owned subsidiary of Ham-Let (Israel-Canada) Ltd and has taken advantage of the exemption from IAS 24 Related Party Transactions under Financial Reporting Standard 101 to disclose related party transactions between entities that are wholly owned by Ham-Let (Israel-Canada) Ltd.

31. Post balance sheet events

On 31 March 2021, Ultra Clean Holdings, Inc. completed the acquisition of Ham-Let (Israel - Canada) Ltd, the ultimate parent company and controlling party of Ham-Let CFS Ltd. Going forward, the ultimate parent company and controlling party of Ham-Let CFS Ltd is Ultra Clean Holdings, Inc.

32. Controlling party

At the year end, the ultimate parent Company and controlling party is Ham-Let (Israel-Canada) Ltd, a Company incorporated in Israel and listed on the Tel Aviv stock exchange.

The largest and smallest group in which the results are consolidated is that headed by Ham-Let (Israel-Canada) Ltd. Copies of the financial statements may be obtained from Ham-Let (Israel-Canada) Ltd, PO Box 824, Natsrat Elit 17106, Israel.