

Registration number: 2984345

Spline Gauges Limited
(formerly Apex Tool Group (UK Operations) Limited)

Report and Financial Statements
for the year ended 31 December 2022

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Company Information

Director	E Graham
Registered office	Piccadilly Tamworth Staffordshire B78 2ER
Solicitor	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX
Auditor	Ernst & Young LLP No.1 Colmore Square Birmingham B4 6HQ

Strategic Report

for the year ended 31 December 2022

The director presents his strategic report for the year ended 31 December 2022.

Principal activities

The principal activities of the company up to 21 November 2022 were the sale of hand tools and soldering equipment for the electronics, electrical and other engineering industries and the manufacture and sale of precision engineering tools.

From 21 November 2022, the company ceased its activities relating to the sale of hand tools and soldering equipment for the electronics, electrical and engineering industries.

Review of the business

Sales in the precision tools business decreased 7% during the year compared to 2021 as the business was impacted by a malware attack in early March 2022, which resulted in some of the company business systems being off-line for several weeks. Similarly, commission income from the hand tool and electronic equipment division was also adversely affected by the malware attack.

On 21 November 2022, the company was acquired by Maric UK Holdings, LLC based in Ohio, USA. From that date Mr E Graham became the sole director and ultimate controlling party. In addition from the date of the sale of the business, the company ceased to receive sales commission income from the hand tools and electronic equipment division, which was retained by the Apex Tool Group.

On 8 December 2022, the company changed its name to Spline Gauges Limited.

The company's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2022	2021
Turnover (continuing activities)	£000	3,850	4,126
Gross profit (continuing activities)	£000	922	837
Gross profit margin (continuing activities)	%	24	20
Profit before tax (continuing activities)	£000	147	316
Commission income (discontinued activities)	£000	790	1,213
Profit before tax (discontinued activities)	£000	869	254
Average number of employees	No.	51	54

Principal risks and uncertainties

Competitive risks

The company operates in competitive markets but the director feels that since the turnover of the company is spread over multiple product lines and geographical regions there is minimal risk. The continuous process improvement approach to operations allows the business to adapt quickly to changes in levels of activity or competitive pressures to ensure it remains competitive.

Legislative risks

The company has processes in place that ensure compliance with legislation.

Russia / Ukraine Conflict

The current conflict in Ukraine with Russia has a minimal direct impact on the business as it held only a limited customer base in Russia and Ukraine. The business is taking all necessary measures to control costs in a high inflationary period via its continuous process improvement approach, competitive supplier bidding and fixed rate energy contracts. Supply of raw material is closely monitored and action is taken to build safety stock where appropriate.

Strategic Report

for the year ended 31 December 2022 (continued)

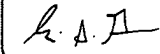
Principal risks and uncertainties (continued)

Price risk, credit risk, liquidity risk and cash flow risk

The director believes the company has sufficient funds available to withstand any difficulties that may arise in the next 12 months. The business is currently in a strong financial position and is able to meet its debts as they become due. Whilst the business is involved in many geographical areas, there are processes in place to ensure that the company is not exposed to undue currency risk. These processes include monitoring foreign currency exposure and matching of foreign currency payable and receivable balances where appropriate.

Approved and authorised by the director on 13 November 2023

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E Graham
Director

Director's Report

for the year ended 31 December 2022

The director presents his report and the audited financial statements for the year ended 31 December 2022.

Disclosure requirements

In accordance with the Companies Act 2006, section 414C(11), the Strategic Report contains certain disclosures required in the Director's Report.

Directors of the company

The directors who held office during the year, and subsequently, were as follows:

I J Garrett (resigned 21 November 2022)

J R Raskin (resigned 25 May 2022)

E Graham (appointed 21 November 2022)

Change of company name

The company changed its name from Apex Tool Group (UK Operations) Limited to Spline Gauges Limited effective from 8 December 2022.

Dividends

During the year, an interim dividend of £12,575,000 (2021 - £nil) was paid. The director does not recommend the payment of a final dividend (2021 - £nil).

Going concern

The director has considered going concern in preparing these financial statements. A cash-flow forecast has been prepared for the next 12 months from the date of signing these financial statements up to 31 December 2024. This forecast demonstrates that the company has sufficient liquidity to meet liabilities as they fall due during the period. However, due to ongoing uncertainty from the Russia / Ukraine war, the director Eric Graham has provided a letter of support. The director has confirmed his ability to provide this support. A reverse stress test has been performed, inclusive of the support available from the director, which indicates a scenario where the company may not be able to realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements. However, this scenario is not considered a realistic possibility in relation to the liquidity of the company. Accordingly, the director continues to adopt the going concern basis in preparing the financial statements.

Future developments

There have been no significant developments since the year end.

Director's liabilities

The company has granted an indemnity to its director against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the director's report.

Director's Report

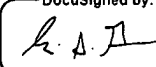
for the year ended 31 December 2022 (continued)

Disclosure of information to the auditor

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

Approved and authorised by the director on 13 November 2023

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E Graham
Director

Statement of Director's Responsibilities
for the year ended 31 December 2022

The director acknowledges his responsibilities for preparing the Strategic Report, Director's Report and the financial statements in accordance with United Kingdom law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. The director is 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.

Under applicable law and regulations, the director is also responsible for preparing a Strategic Report and Director's Report that comply with that law and those regulations. The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent Auditor's Report

to the Members of Spline Gauges Limited (formerly Apex Tool Group (UK Operations) Limited)

Opinion

We have audited the financial statements of Spline Gauges Limited (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and the related notes 1 to 24, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view 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 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 director's 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 twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 director is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

to the Members of Spline Gauges Limited (formerly Apex Tool Group (UK Operations) Limited)
(continued)

Opinion on other matter 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's 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 and the Director's Report

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the Statement of Director's Responsibilities (set out on page 6), the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent Auditor's Report

to the Members of Spline Gauges Limited (formerly Apex Tool Group (UK Operations) Limited)
(continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant to be those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and regulations including health and safety, environmental regulations and furlough regulations.
- We understood how Spline Gauges Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and the entity level controls in place. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and in internal discussions. We also considered performance targets and the potential incentives or opportunities to manage earnings. We considered the processes and controls that the Company has established to address identified risks, or that otherwise prevent or detect fraud and how senior management monitors those processes and controls. We determined there to be a risk of management override in relation to manual journals to revenue. To address the risk of management override, we have used data analytics and obtained the entire population of journals for the year and identified specific transactions for further investigation using criteria such as nature of manual entries passed at the year end and whether any journal entries passed by directors during the year.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved verification that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our inquiry with no indication of non-compliance identified.

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

Use of our report

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

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Adam Gittens (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

DocuSigned by:
Ernst & Young LLP
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Date: 13 November 2023

Profit and Loss Account
for the year ended 31 December 2022

		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Note	2022 £ 000	2022 £ 000	2022 £ 000	2021 £ 000	2021 £ 000	2021 £ 000
Turnover	3	3,850	790	4,640	4,126	1,213	5,339
Cost of sales		<u>(2,928)</u>	<u>-</u>	<u>(2,928)</u>	<u>(3,289)</u>	<u>-</u>	<u>(3,289)</u>
Gross profit		922	790	1,712	837	1,213	2,050
Administrative expenses (excluding foreign currency gains/ (losses))		(774)	(165)	(939)	(580)	(265)	(845)
Foreign currency gains/(losses)		-	244	244	-	(694)	(694)
Other operating income	4	<u>-</u>	<u>-</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>
Operating profit	5	148	869	1,017	316	254	570
Interest payable	9	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit before tax		147	869	1,016	316	254	570
Tax on profit	10	<u>(77)</u>	<u>(165)</u>	<u>(242)</u>	<u>(78)</u>	<u>(48)</u>	<u>(126)</u>
Profit for the financial year		<u>70</u>	<u>704</u>	<u>774</u>	<u>238</u>	<u>206</u>	<u>444</u>

Statement of Comprehensive Income

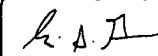
The company has no other income for the current or prior year other than that shown above, therefore no separate Statement of Comprehensive Income has been presented.

Balance Sheet
for the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Intangible assets	11	-	-
Tangible assets	12	990	1,301
		<u>990</u>	<u>1,301</u>
Current assets			
Stocks	13	310	310
Debtors	14	791	12,323
Cash at bank and in hand		284	183
		<u>1,385</u>	<u>12,816</u>
Creditors: Amounts falling due within one year	15	<u>(894)</u>	<u>(806)</u>
Net current assets		<u>491</u>	<u>12,010</u>
Total assets less current liabilities		1,481	13,311
Provisions for liabilities	10	<u>(41)</u>	<u>(70)</u>
Net assets		<u>1,440</u>	<u>13,241</u>
Capital and reserves			
Called up share capital	16	790	790
Share premium reserve	17	172	172
Profit and loss account	17	478	12,279
Total equity		<u>1,440</u>	<u>13,241</u>

The financial statements were approved and authorised by the director on 13 November 2023

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E Graham
Director

Statement of Changes in Equity
for the year ended 31 December 2022

	Note	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022		790	172	12,279	13,241
Profit for the year		-	-	774	774
Dividends	20	-	-	(12,575)	(12,575)
At 31 December 2022		<u>790</u>	<u>172</u>	<u>478</u>	<u>1,440</u>

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	790	172	11,835	12,797
Profit for the year	-	-	444	444
At 31 December 2021	<u>790</u>	<u>172</u>	<u>12,279</u>	<u>13,241</u>

Statement of Cash Flows
for the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Cash flows from operating activities			
Profit for the year		774	444
Adjustments to cash flows from non-cash items:			
Depreciation	5	248	254
Impairment charge	5	103	-
Finance costs	9	1	-
Income tax expense	10	242	126
		<u>1,368</u>	<u>824</u>
Working capital adjustments:			
Increase in stocks	13	-	(3)
Decrease/(increase) in debtors	14	11,532	(756)
(Decrease)/increase in creditors	15	(98)	82
		<u>12,802</u>	<u>147</u>
Cash generated from operations			
Income taxes paid		<u>(85)</u>	<u>(249)</u>
Net cash flow from operating activities		<u>12,717</u>	<u>(102)</u>
Cash flows from investing activities			
Acquisitions of tangible assets	12	(40)	(60)
Cash flows from financing activities			
Interest paid		(1)	-
Dividends paid	20	<u>(12,575)</u>	<u>-</u>
Net cash flows from financing activities	22	<u>(12,576)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		101	(162)
Cash and cash equivalents at 1 January		<u>183</u>	<u>345</u>
Cash and cash equivalents at 31 December		<u>284</u>	<u>183</u>

Notes to the Financial Statements

for the year ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The company was formerly known as Apex Tool Group (UK Operations) Limited.

The address of its registered office is:

Piccadilly
Tamworth
Staffordshire
B78 2ER

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in pound sterling. The company's functional and presentation currency is the pound sterling.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are not considered to be any significant areas of estimation for the company, nor judgements, in the preparation of these financial statements.

Going concern

The director has considered going concern in preparing these financial statements. A cash-flow forecast has been prepared for the next 12 months from the date of signing these financial statements up to 31 December 2024. This forecast demonstrates that the company has sufficient liquidity to meet liabilities as they fall due during the period. However, due to ongoing uncertainty from the Russia / Ukraine war, the director Eric Graham has provided a letter of support. The director has confirmed his ability to provide this support. A reverse stress test has been performed, inclusive of the support available from the director, which indicates a scenario where the company may not be able to realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern (continued)
financial statements.

However, this scenario is not considered a realistic possibility in relation to the liquidity of the company. Accordingly, the director continues to adopt the going concern basis in preparing the financial statements.

Discontinued operations

A discontinued operation is a component of the company's business, the operations and cash flows of which can be clearly distinguished from the rest of the company and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

In order for an operation/business to be disclosed as discontinued, the operation/business must have been disposed of (in relation to a sale) or have been closed (in relation to a termination) by the balance sheet date.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which normally occurs on delivery.

Revenue from commission sales is recognised when it is receivable in accordance with the contractual arrangement between the two group parties.

Revenue in respect of interest income is recognised as interest accrues on cash deposits or on amounts loaned to fellow group companies.

Government grants

Government grants relating to the Coronavirus Job Retention Scheme (CJRS) have been received in respect of employee costs incurred for furloughed staff. The grants have been recognised as income of the company based on an accruals model. Grants related to income are presented as part of profit or loss as 'Other income'.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date.

Non-monetary items measured in terms of historical cost purchase in a foreign currency are not retranslated.

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings	40 years straight line basis
Fixtures, fittings, plant and machinery	4 to 15 years straight line basis
Assets in the course of construction	0% until brought into operational use
Freehold land	not depreciated

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill is capitalised on the balance sheet and amortised in line with the remaining useful economic life of the plant and machinery to which it relates.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Asset class	Amortisation method and rate
Negative goodwill	3 years straight line basis

Impairment of assets

At each reporting date non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

3 Revenue

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022	2021
	£ 000	£ 000
Sale of goods	3,850	4,126
Commissions received	790	1,213
	<u>4,640</u>	<u>5,339</u>

The analysis of the company's turnover for the year by market is as follows:

	2022	2021
	£ 000	£ 000
UK	557	568
Europe	2,131	2,718
Rest of world	1,952	2,053
	<u>4,640</u>	<u>5,339</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£ 000	£ 000
Government grants	<u>-</u>	<u>59</u>

The company received grant income, in respect of certain furloughed employees, from the UK Government under the Coronavirus Job Retention Scheme (CJRS).

5 Operating profit

Arrived at after charging/(crediting):

	2022	2021
	£ 000	£ 000
Depreciation expense	248	254
Impairment loss	103	-
Foreign exchange (gains)/losses	(354)	829
Operating lease expense - plant and machinery	<u>32</u>	<u>63</u>

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

5 Operating profit (continued)

Following the sale of the business in November 2022, the director has reviewed the carrying value of the fixed assets and, after considering the value in use and net realisable value of certain assets, an impairment charge of £103,000 has been recognised in the year.

6 Auditor's remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	<u>45</u>	<u>34</u>

The audit fee for the current year, has been borne by the former parent undertaking Apex Tool Group B.V.

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £ 000	2021 £ 000
Wages and salaries	2,041	2,126
Social security costs	230	229
Pension costs, defined contribution scheme	<u>105</u>	<u>113</u>
	<u>2,376</u>	<u>2,468</u>

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Production	38	39
Office and management	<u>13</u>	<u>15</u>
	<u>51</u>	<u>54</u>

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£ 000	£ 000
Remuneration	98	92
Contributions paid to money purchase schemes	12	11
	<u>110</u>	<u>103</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022	2021
	No.	No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

For the period until the 21 November 2022 when the company was sold, the directors' emoluments for certain directors were borne by another group company. These directors are also directors or officers of a number of companies within the Apex Tool Group. The directors' services to the company did not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the current or prior year.

For the period from 21 November until 31 December 2022, the current director did not receive any remuneration for his services to the company.

9 Interest payable

	2022	2021
	£ 000	£ 000
Interest expense on other finance liabilities	<u>1</u>	<u>-</u>

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

10 Taxation

Tax (credited)/charged in the profit and loss account:

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	271	132
	<u>271</u>	<u>132</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(29)	(31)
Impact of changes in tax rate	17	24
Adjustment to prior period	(17)	1
	<u>(29)</u>	<u>(6)</u>
Total deferred taxation	<u>(29)</u>	<u>(6)</u>
Tax expense in the income statement	<u>242</u>	<u>126</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	1,016	570
Corporation tax at standard rate	193	108
Decrease from effect of different tax rates on deferred tax and corporation tax	(7)	(7)
Expenses not deductible	30	1
Deferred tax expense relating to changes in tax rates	17	24
Adjustment for prior period	(17)	1
Tax increase/(decrease) from fixed asset differences	26	(1)
Total tax charge	<u>242</u>	<u>126</u>

The tax rate for the current year is the same as the prior year.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

10 Taxation (continued)

Deferred tax

The deferred tax movement in the year was as follows:

	2022 £ 000	2021 £ 000
As at 1 January	70	76
Movement in the year	(29)	(6)
	<u>41</u>	<u>70</u>
Deferred tax liability at 31 December		

The deferred tax liability at the balance sheet date of £41,000 (2021 - £70,000) comprises of the following:

	Asset £ 000	Liability £ 000
2022		
Acceleration tax depreciation	-	80
Other timing differences	39	-
	<u>39</u>	<u>80</u>
2021		
Acceleration tax depreciation	37	-
Other timing differences	-	107
	<u>37</u>	<u>107</u>

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%. The Finance Act 2021 reading on 24 May 2021 substantively enacted the increase, and, therefore, is considered effective at the balance sheet date for deferred tax re-measurement purposes. On 14 October 2022, the government announced that the corporation tax will increase to 25% from April 2023 as already legislated for.

Deferred taxes have been measured at 25% (2021: 25%) which represents the future corporation tax rate that was enacted at the balance sheet date.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

11 Intangible assets

	Negative Goodwill £ 000
Cost	
At 1 January 2022 and 31 December 2022	(222)
Amortisation	
At 1 January 2022 and 31 December 2022	<u>(222)</u>
Carrying amount	
At 1 January 2022 and 31 December 2022	<u><u>-</u></u>

The negative goodwill relates to the acquisition of the trade and assets of Spline Gauges (formerly a division of Danaher UK Industries Limited).

12 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost			
At 1 January 2022	624	2,958	3,582
Additions	<u>20</u>	<u>20</u>	<u>40</u>
At 31 December 2022	<u>644</u>	<u>2,978</u>	<u>3,622</u>
Depreciation			
At 1 January 2022	88	2,193	2,281
Charge for the year	12	236	248
Impairment (note 5)	<u>80</u>	<u>23</u>	<u>103</u>
At 31 December 2022	<u>180</u>	<u>2,452</u>	<u>2,632</u>
Carrying amount			
At 31 December 2022	<u><u>464</u></u>	<u><u>526</u></u>	<u><u>990</u></u>
At 31 December 2021	<u><u>536</u></u>	<u><u>765</u></u>	<u><u>1,301</u></u>

Included within the carrying amount of land and buildings above is £464,000 (2021 - £536,000) in respect of freehold land and buildings. The carrying value of land which is not depreciated is £350,000 (2021 - £350,000).

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

12 Tangible assets (continued)

Contractual commitments for the acquisition of tangible assets

Contractual commitments for the acquisition of tangible assets were as follows:

	2022	2021
	£ 000	£ 000
Furniture, fittings and equipment	<u>24</u>	<u>-</u>

13 Stocks

	2022	2021
	£ 000	£ 000
Raw materials and consumables	122	118
Work in progress	188	192
	<u>310</u>	<u>310</u>

No impairment charge has been recognised in the profit and loss account in the year (2021 - £Nil). In the opinion of the director, there is no material difference between the carrying value of stock and the replacement cost.

14 Debtors

	2022	2021
	£ 000	£ 000
Trade debtors	378	602
Amounts owed by group undertakings	22 -	11,628
Amounts owed by other related parties	22 321	-
Other debtors	22	-
Prepayments	70	93
	<u>791</u>	<u>12,323</u>

All amounts owed by group undertakings in the prior year were unsecured, interest free, had no fixed date of repayment and were repayable on demand.

Amounts owed by other related parties arise from sales to other companies under common ownership as detailed in note 22.

Trade debtors are stated after provisions for impairment of £4,000 (2021 - £nil).

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

15 Creditors

	Note	2022 £ 000	2021 £ 000
Due within one year			
Trade creditors		169	218
Amounts due to group undertakings	22	136	8
Amounts due to other related parties	22	15	-
Corporation tax liability		274	88
Social security and other taxes		27	109
Other creditors		19	16
Accruals		254	367
		<u>894</u>	<u>806</u>

All amounts due to group undertakings in the prior period were unsecured, interest free, had no fixed date of repayment and were repayable on demand. Details of amounts due to group undertakings and other related parties in the current year are included in note 22.

16 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
789,626 Ordinary shares of £1 each	<u>790</u>	<u>790</u>	<u>790</u>	<u>790</u>

Rights, preferences and restrictions

There are no restrictions on the distribution of dividends and the repayment of capital.

17 Reserves

Called up share capital

Called-up share capital represents the nominal value of shares that have been issued.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

Share premium

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

18 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	31	33
Later than one year and not later than five years	32	33
	<u>63</u>	<u>66</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £32,000 (2021 - £63,000).

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £105,000 (2021 - £113,000).

Contributions totalling £19,000 (2021 - £16,000) were payable to the scheme at the end of the year and are included in creditors.

20 Dividends

Interim dividends paid

	2022 £ 000	2021 £ 000
Interim dividend of £15.9236 (2021 - £Nil) per each Ordinary shares	12,575	-

21 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £24,000 (2021 - £Nil).

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

22 Related party transactions

Key management compensation

	2022	2021
	£ 000	£ 000
Salaries and other short term employee benefits	255	244
Post-employment benefits	20	17
	<u>275</u>	<u>261</u>

Summary of transactions with Apex Tool Group

Until 21 November 2022, when the company was sold, the business had a number of trading relationships in place with fellow group undertakings within the Apex Tool Group which resulted in various transactions throughout the period. Details of the transactions in the period and the outstanding balances at the year end are given below. All balances were repayable on demand.

In addition, the audit fee for the current year of £45,000, will be borne by Apex tool Group B.V.

Income and receivables from Apex Tool Group

	Fellow group undertakings
	£ 000
Up to 21 November 2022	
Sale of goods	897
Amounts receivable from related party	-
	<u>-</u>
2021	
Sale of goods	1,368
Amounts receivable from related party	11,628
	<u>11,628</u>

The amount receivable from related parties of £11,628,000 includes £11,096,000 in respect of a group cash pooling arrangement and £532,000 in respect of trading activities.

Expenditure with and payables to Apex Tool Group

	Parent	Fellow group undertakings
	£ 000	£ 000
Up to 21 November 2022		
Purchase of goods	-	3
Management charges	8	-
Dividends paid	12,575	-
	<u>12,583</u>	<u>3</u>
Amounts payable to related party	-	-
	<u>-</u>	<u>-</u>

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

22 Related party transactions (continued)

	Fellow group undertakings £ 000
2021	
Purchase of goods	16
Amounts payable to related party	<u>8</u>

Summary of transactions with related parties after 21 November 2022

Subsequent to the acquisition of the company on 21 November 2022, a number of transactions have been entered in to with companies in which Mr E Graham, the sole director and majority shareholder, is also a director and shareholder. These are as follows:

- sales of £394,000 have been made to Sloan Gear International, Inc., and a balance receivable from them at the balance sheet date of £321,000 is included within debtors. Payment terms are typically 30-60 days.
- management fees of £15,000 have been charged to the company by Maric Management, Inc. and are included in creditors at the balance sheet date. Payment is due within 30 days of the date of the invoice.
- costs related to the acquisition of the company from Apex Tool Group of £156,000 have been recharged to the company by Maric UK Holdings, LLC (the immediate parent company) and £136,000 remains in creditors at the balance sheet date. The liability is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

23 Financial instruments

The company does not have any assets or liabilities that are measured at fair value at the current or prior balance sheet date.

24 Parent and ultimate parent undertaking

Up until 21 November 2022, the company's immediate parent was Apex Tool Group B.V., incorporated in the Netherlands. The registered office address is Phileas Foggstraat 16, Emmen, The Netherlands. The ultimate parent was Bain Capital, LP, incorporated in the USA, whose registered office is 200 Clarendon Street, Boston, MA 02116, USA.

With effect from 21 November 2022, the company was acquired by Maric UK Holdings, LLC based in Ohio, USA. Mr E Graham became the company's sole director and ultimate controlling party from that date.