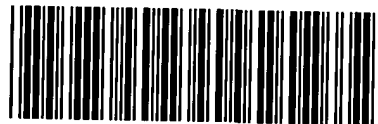


BSC Filters Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

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BSC Filters Limited

Company information

Directors

A Stringer
R Ruppertsburg
P Hardcastle

Registered office

Unit 10-11
Sterling Park,
York,
YO30 4WU

Registration number

02385881

Independent auditor

Mazars LLP
Chartered Accountants and Statutory Auditors
One St. Peter's Square
Manchester
United Kingdom
M2 3DE

Bankers

DEUTSCHE BANK AG,
1 Great Winchester Street,
London
EC2N 2DB

**Strategic report
for the year ended 31 December 2022**

The directors present their Strategic report on the Company for the year ended 31 December 2022.

Principal activity

The Company's principal activity is the design and manufacture of filters and filter based subsystems for the microwave industry.

Business review and principal activities

The business operates globally as a member of the Dover Corporation's Microwave Product Group (MPG). Its main markets are the UK and EU member states with the UK accounting for 58% (2021: 45%) of total sales in the year. The Company generates new business from the combined activity of its in-house sales team and territorially based representatives.

The Company differentiates itself from its competitors by focusing on product innovation designed to meet specific and often complex customer needs and continuing evolution of its core products.

The 2022 Financial Statements show a slight increase in revenue despite a softening in the marketplace and a slight increase in profit before tax: despite high inflation on materials, labour and operating expenses. In 2023 we are forecasting a 51% increase in revenue due to increased military spend in our sector and a healthy increase in EBITDA as a % of sales from 16.4% to 26.1%. Whilst core filter products still account for the majority of sales, significant growth was seen in our added value & sub-systems lines with several major, multi-year program wins and a high level of customer interest in our ongoing Research and Development activity. As this business matures we expect to see further sales growth and improved margins from these products.

The profit for the financial year was £1,379,458 (2021: £956,529). Net assets for the financial year were £8,769,823 (2021: £7,390,365).

Research and development

In house development of our manufacturing facilities and engineering capability will enable the Company to develop more advanced Active components, assemblies and sub systems.

Financial risk management

The Company makes no use of financial instruments other than operational bank accounts and its exposure to price risk and cash flow risk is not material for the assessment of its net assets, liabilities, financial position and profit or loss of the Company. The Company's activities expose it to credit risk and liquidity risk.

Credit risk

Credit risk of the Company mainly arises from trade debtors of £1,350,208 at 31 December 2022 (2021: £869,364) (the large increase primarily due to high Q4 revenues compared to 2021) and amounts owed by group undertakings of £7,291,257 at 31 December 2022 (2021: £6,678,625). The Company has no significant concentration of credit risk. The Company has a credit policy to handle credit risk of customers. There is no significant concentration of sale to any individual customer. Amounts owed by group undertakings are due from Dover Luxembourg Participations S.a.r.l, the immediate parent company, and represent the cash pool.

Liquidity risk

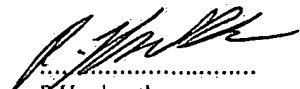
There is not considered to be a significant liquidity risk in view of the Company's stable business and adequate sources of funds in the cash pool. The Company's major financial liability was trade and other payables of £1,449,865 at 31 December 2022 (2021: £1,007,288).

Strategic report (continued)
for the year ended 31 December 2022

Key performance Indicators ("KPI's")

The Company makes use of KPI's to drive operational performance and improvement activity. However, given the straight forward nature of the business, the Company's directors are of the opinion that analysis of these key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Approved by the Board on 18/12/2023 and signed on its behalf by:


.....
P Hardcastle
Director

Date: 18/12/2023.

**Directors' report
for the year ended 31 December 2022**

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

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

A Stringer
P Hardcastle (appointed 8 September 2022)
J Wood (resigned 8 November 2022)
R Ruppertsburg

Dividends

The results for the year to 31 December 2022 are set out in the profit and loss account on page 11. The directors have recommended the Company to pay no dividends in the year (2021: £nil).

Future developments

2022 was a challenging year for the BSC business due to the materials shortages in the electronics markets due mainly to Covid continuing to affect the China supply chain, the difficulty in recruiting and retaining staff in the York area and the impact of inflation on materials, labour cost and operating expenses.

Nevertheless revenues did grow 3% in 2022 versus 2021 and are set to grow a healthy 51% in 2023 due mainly to increased military spending on programs requiring our microwave technology. Costs continue to rise but BSC is diligent on passing this on to the customer and EBITDA as a % of revenue is forecast to improve from 16.4% in 2022 to 26.1% in 2023.

We are currently considering taking on additional office space to free up more room for manufacturing at the existing premises. Management are confident in the expansion as we see the growth trend extending beyond 2023.

Research and development

The Company has chosen in accordance with section 414C (11) of the Companies Act 2006 to set out information related to its research and development objectives in the Strategic report.

Financial risk management

The Company has chosen in accordance with section 414C (11) of the Companies Act 2006 to set out information related to its financial risk management objectives in the Strategic report.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

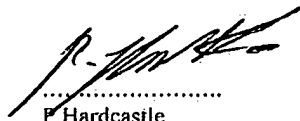
The directors have performed a going concern assessment, comprising a review of the Company's financial position, future operations and forecasts for a period of at least 12 months from the date of approval of the financial statements, which demonstrate that the Company will be in a position to meet its liabilities as they fall due. On this basis the directors consider it appropriate to prepare financial statements on a going concern basis.

Directors' report (continued)
for the year ended 31 December 2022

Re-appointment of independent auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the next Annual General Meeting for re-appointment of Mazars LLP as auditors to the Company.

Approved by the Board on 18/12/2023 and signed on its behalf by:



.....
P Hardcastle
Director

Date: 18/12/2023

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Independent auditor's report to the members of BSC Filters Limited

Opinion

We have audited the financial statements of BSC Filters Limited (the 'Company') for the year ended 31 December 2022, which comprise the Profit and loss account, the Balance sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the directors' 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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 employment regulation, health and safety regulation, anti-money laundering regulation.

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

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

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, pension legislation, the Companies Act 2006.

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, in particular in relation to, revenue recognition (which we pinpointed to the cut off assertion) 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 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.

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

Neil Barton

.....
Neil Barton (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditors
One St. Peter's Square
Manchester
M2 3DE
United Kingdom

Dec 18, 2023
Date:

**Profit and loss account
for the year ended 31 December 2022**

	<i>Note</i>	<i>2022</i> £	<i>2021</i> £
Turnover	4	7,776,997	7,550,093
Cost of sales		(3,498,530)	(3,095,958)
Gross profit		4,278,467	4,454,135
Administrative expenses		(3,228,106)	(3,235,061)
Other operating expenses		(10,861)	(33,616)
Other operating income	5	63,915	36,201
Operating profit	6	1,103,415	1,221,659
Interest receivable	8	110,946	1,071
Profit before tax		1,214,361	1,222,730
Tax on profit	9	165,097	(266,201)
Profit for the financial year		1,379,458	956,529

All activities of the Company are from continuing operations.

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement above.

No separate Statement of comprehensive income has been presented because the Company has no other comprehensive income other than profit for the financial year.


The notes on pages 14 to 26 form an integral part of these financial statements.

BSC Filters Limited**Balance sheet
as at 31 December 2022**

Registered number: 02385881

	<i>Note</i>	<i>2022</i> £	<i>2021</i> £
Fixed assets			
Intangible assets	10	82,545	36,938
Tangible assets	11	377,676	397,739
		<u>460,221</u>	<u>434,677</u>
Current assets			
Stocks	12	1,090,312	673,554
Debtors	13	8,933,209	7,775,512
		<u>10,023,521</u>	<u>8,449,066</u>
Creditors: amounts falling due within one year	14	(1,655,674)	(1,435,133)
Net current assets		<u>8,367,847</u>	<u>7,013,933</u>
Total assets less current liabilities		<u>8,828,068</u>	<u>7,448,610</u>
Creditors: amounts falling due after more than one year	15	(58,245)	(58,245)
Net assets		<u>8,769,823</u>	<u>7,390,365</u>
Capital and reserves			
Called up share capital	17	24,932	24,932
Share premium account		293,903	293,903
Capital redemption reserve		3,374	3,374
Profit and loss account		8,447,614	7,068,156
Total shareholders' funds		<u>8,769,823</u>	<u>7,390,365</u>

The financial statements on pages 11 to 26 were approved by the Board of Directors on 18/12/2022 and signed on its behalf by:


.....
P Hardcastle
Director

18/12/2022.

The notes on pages 14 to 26 form an integral part of these financial statements.

**Statement of changes in equity
for the year ended 31 December 2022**

	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£	£	£
At 1 January 2021	24,932	293,903	3,374	6,111,627	6,433,836
Profit for the year	-	-	-	956,529	956,529
At 31 December 2021	24,932	293,903	3,374	7,068,156	7,390,365
Profit for the year	-	-	-	1,379,458	1,379,458
At 31 December 2022	24,932	293,903	3,374	8,447,614	8,769,823

The notes on pages 14 to 26 form an integral part of these financial statements.

**Notes to the financial statements
for the year ended 31 December 2022**

1. Statutory information

The Company is a private company limited by shares and is incorporated and domiciled in the England, UK. The address of its registered office is Unit 10 - 11, Sterling Park, York, England, YO30 4WU.

The principal activity of the Company during the year was to design and manufacture filters for the microwave industry.

2. Accounting policies

2.1 Summary of significant accounting policies

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.

2.2 Basis of preparation

The Company's financial statements have been prepared in compliance with United Kingdom accounting standards, comprising Financial Reporting Standard 102, "the financial reporting standard applicable in the United Kingdom and Republic Ireland" ("FRS 102") and the Companies Act 2006.

The financial statements have been prepared in Sterling which is the functional currency of the Company rounded to the nearest pounds. These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The Company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d),
- (b) the requirement of Section 33 Related Party Disclosures paragraph 33.7 and,
- (c) the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A and Section 12 Other Financial Instruments Issues paragraphs 12.26 to 12.29.

2.3 Going concern

The directors have performed a going concern assessment, comprising a review of the Company's financial position, future operations and forecasts for a period of at least 12 months from the date of approval of the financial statements, which demonstrate that the Company will be in a position to meet its liabilities as they fall due. On this basis the directors consider it appropriate to prepare financial statements on a going concern basis.

2.4 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts. Revenue is recognised at a point in time. Once ownership has passed to the customer, revenue is recognised in the financial statements.

2.5 Tangible assets and depreciation

Tangible assets are stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**

2. Accounting policies (continued)

2.5 Tangible assets and depreciation (continued)

Plant and machinery	- straight line (over 3 to 7 years)
Fixtures and fittings	- straight line (over 5 to 7 years)
Computers	- straight line (over 3 to 5 years)
Leasehold improvements	- over length of lease

The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

2.6 Intangible assets and amortisation

Intangible assets are stated at cost less amortisation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer software - straight line (over 3 to 5 years)

2.7 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition and is determined based on the first in first out method. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Finished goods and work in progress are valued on a standard cost basis with labour and overhead costs absorbed on rates based upon normal levels of production.

2.8 Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Sterling at rates of exchange ruling at the balance sheet date. All profits and losses arising on foreign currency translation are dealt with in the profit and loss account.

2.9 Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year in which they are payable.

The group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**

2. Accounting policies (continued)

2.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. The timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or the other future taxable profits. Deferred tax is recognised on a non-discounted basis.

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

2.11 Provisions

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

2.12 Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged as an expense to the profit and loss account on a straight line over the lease term. The disclosure of the total future minimum lease payments under non-cancellable operating leases for each of the following periods - not later than one year, later than one year and not later than five years; and later than five years, are included within the financial statements.

2.13 Share based payments

The Group provides share-based payment arrangements to certain employees.

Cash-settled share options are measured at fair value at the balance sheet date. The Group recognises a liability at the balance sheet date based on these fair values, taking into account the estimated number of options that will actually vest and the current proportion of the vesting period. Changes in the value of this liability are recognised in the profit and loss account.

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**

2. Accounting policies (continued)

2.14 Financial instruments

The Company has chosen to adopt Sections 11 'Basic Financial Instruments', in respect of financial instruments. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Trade debtors are recognised and measured at their original invoiced amount less any provision for uncollectable amounts. An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off to the profit and loss account when they are identified.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in administrative expenses in the profit and loss account for the excess of the carrying value of the asset over the present value of the estimated future cash flows.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes financing transaction.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual right to the cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some of the significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party without imposing additional restrictions.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

**Notes to the financial statements
for the year ended 31 December 2022 (continued)****3. Judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

- Inventory provision - The provision for obsolete inventory is based on the book value of the unused inventory which is obtained by running an inventory ageing report that identifies stock that has not been sold within a specific time.

4. Turnover

The analysis of turnover by the geographical destination is as follows:

	2022 £	2021 £
UK	4,530,947	3,382,797
USA	507,657	1,009,339
Mainland Europe	2,547,467	2,352,007
Rest of World	190,926	805,950
	<u>7,776,997</u>	<u>7,550,093</u>

In the directors' opinion all sales are derived from the same class of business.

5. Other operating income

	2022 £	2021 £
CJRS grant	-	36,201
R&D Tax credit	63,915	-
	<u>63,915</u>	<u>36,201</u>

The Coronavirus Job Retention Scheme (CJRS) was the UK government's flagship support measure for organisations during the COVID-19 pandemic. It offered grants to cover a proportion of the salaries of furloughed staff. Following the Budget 2021, the scheme was extended until 30 September 2021.

The Company did not directly benefit from any other forms of government assistance in the year.

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**

6. Operating profit

Operating profit is stated after charging/(crediting):

		2022 £	2021 £
	Note		
Depreciation of tangible assets - owned assets	11	151,006	154,509
Amortisation of intangible assets	10	19,467	14,278
Staff costs	7	3,060,615	3,215,517
Impairment of trade receivables		7,000	17,000
Impairment of inventory		27,112	30,976
Operating lease charges - plant and machinery		57,768	70,865
Operating lease charges - other		42,524	-
Auditor's remuneration - audit of the financial statements		40,500	30,000
Foreign currency exchange (gain)/loss		(54,438)	20,581
Research and development expense		16,222	55,602
		<u>3,060,615</u>	<u>3,215,517</u>

There was no amount payable to the auditors for any non-audit services (2021: £nil).

7. Staff costs and directors' emoluments

The monthly average number of employees (including executive directors) during the year were as follows:

	2022 No.	2021 No.
Production	53	49
Administration	8	24
Selling and distribution	9	8
	<u>70</u>	<u>81</u>

The aggregate payroll costs were as follows:

	2022 £	2021 £
Wages and salaries	2,642,467	2,702,465
Social security costs	256,705	313,545
Other pension costs	91,055	102,767
Share based compensation	70,388	96,740
	<u>3,060,615</u>	<u>3,215,517</u>

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**

7. Staff costs and directors' emoluments (continued)

The directors' emoluments comprised of the following:

	2022 £	2021 £
Aggregate emoluments	276,678	266,642
Company contribution to money purchase pension schemes	59,044	19,787
Share based compensation	-	-
	<u>335,722</u>	<u>286,429</u>

The number of directors to whom retirement benefits are accruing under money purchase pension schemes amounted to nil (2021: 2).

No director (2021: 1) exercised share options in the parent's shares during the year.

Highest paid director:

	2022 £	2021 £
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	115,330	145,911
Defined contribution pension scheme	32,633	9,600
	<u>147,963</u>	<u>155,511</u>

8. Interest receivable

	2022 £	2021 £
Interest receivable from group companies	<u>110,946</u>	<u>1,071</u>

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**

9. Tax on profit

Tax (credit)/charge included in the Profit or loss account

	2022 £	2021 £
Current tax		
Current tax on income for the year	9,662	232,546
Adjustments in respect of previous periods	(207,547)	38,438
Total current tax	<u>(197,885)</u>	<u>270,984</u>
Deferred tax		
Origination and reversal of timing differences	40,590	(2,430)
Adjustment in respect of previous periods	(3,235)	-
Effect of changes in tax rates	(4,567)	(2,711)
Increase in discount	-	358
Total deferred tax	<u>32,788</u>	<u>(4,783)</u>
Tax on profit	<u>(165,097)</u>	<u>266,201</u>

The tax assessed for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

Reconciliation of tax (credit)/charge

	2022 £	2021 £
Profit before tax	<u>1,214,361</u>	<u>1,222,730</u>
Profit before tax at the standard UK tax rate of 19% (2021: 19%)	230,729	232,319
Expense not deductible	64,991	11,745
Income not taxable	(20,942)	(13,948)
Adjustments in respect of previous periods	(210,782)	38,796
Tax rate changes	(4,567)	(2,711)
Group relief	(224,526)	-
Total tax (credit)/charge for the year	<u>(165,097)</u>	<u>266,201</u>

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**

9. Tax on profit (continued)

Factors that may affect future tax charges

In the Budget 2021, the government announced that the rate of Corporation Tax will increase to 25% from 1 April 2023 for businesses with profits of £250,000 or more. The rate will remain at 19% until that date. This new law was substantively enacted in May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10. Intangible assets

	<i>Computer software £</i>
Cost	
At 1 January 2022	214,047
Additions	65,074
At 31 December 2022	<u>279,121</u>
Accumulated amortisation	
At 1 January 2022	177,109
Charge for the year	19,467
At 31 December 2022	<u>196,576</u>
Net book value	
At 31 December 2022	<u>82,545</u>
At 31 December 2021	<u>36,938</u>

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**

11. Tangible assets

	<i>Plant and machinery £</i>	<i>Fixtures and fittings £</i>	<i>Computers £</i>	<i>Leasehold improvements £</i>	<i>Total £</i>
Cost					
At 1 January 2022	1,520,845	65,517	159,307	306,420	2,052,089
Additions	104,696	-	-	26,247	130,943
At 31 December 2022	1,625,541	65,517	159,307	332,667	2,183,032
Accumulated depreciation					
At 1 January 2022	1,261,838	65,517	80,602	246,393	1,654,350
Charge for the year	105,431	-	24,064	21,511	151,006
At 31 December 2022	1,367,269	65,517	104,666	267,904	1,805,356
Net book value					
At 31 December 2022	258,272	-	54,641	64,763	377,676
At 31 December 2021	259,007	-	78,705	60,027	397,739

12. Stocks

	<i>2022 £</i>	<i>2021 £</i>
Raw materials and consumables	497,847	353,478
Work in progress	539,616	267,521
Finished goods and goods for resale	52,849	52,555
	1,090,312	673,554

Inventories are stated after provisions for impairment of £226,809 (2021: £199,697). The replacement cost of the inventory is an immaterial difference to the balance sheet values.

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**

13. Debtors

	2022 £	2021 £
<i>Amounts falling due within one year</i>		
Trade debtors	1,350,208	869,364
Amounts owed by group undertakings	7,291,257	6,678,625
Deferred tax (note 16)	34,316	67,104
Other debtors	58,327	2,096
Prepayments and accrued income	199,101	158,323
	<u>8,933,209</u>	<u>7,775,512</u>

Amounts owed by group undertakings are unsecured, interest is calculated on the GBP SONIA Rate and have no fixed terms of repayment and are owed by Dover Luxembourg Participations S.a r.l

Trade debtors are stated after provisions for impairment of £16,000 (2021: £9,000).

14. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	901,862	585,377
Amounts owed to group undertakings	51,948	94,003
Corporation tax payable	9,662	232,546
Other taxation and social security	125,112	44,351
Warranty provision	33,028	21,000
Other creditors	38,007	81,460
Accruals and deferred income	496,055	376,396
	<u>1,655,674</u>	<u>1,435,133</u>

Amounts owed to group undertakings are unsecured, have no fixed date of repayment, are repayable on demand and bear no interest.

15. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Dilapidation provision	48,000	48,000
Stock based compensation	10,245	10,245
	<u>58,245</u>	<u>58,245</u>

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**
16. Deferred tax

	£
At 1 January 2022	67,104
Charged to the profit and loss account (note 9)	(36,023)
Adjustments in respect of previous periods	3,235
At 31 December 2022	34,316

The deferred tax asset recognised relates solely to accelerated capital allowances.

17. Called up share capital

	2022 £	2021 £
24,932 (2021: 24,932) ordinary shares of £1 each	24,932	24,932

There is a single class of ordinary shares. There are no restriction on the distribution of dividends and the repayment of capital.

18. Operating lease commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Within one year	93,721	93,721
Within two to five years	206,915	246,655
More than five years	-	402,950
Total lease commitments	300,636	743,326

Total rent paid under operating lease agreements during the year was £93,721.

19. Pension costs

	2022 £	2021 £
Defined contribution:		
Contributions payable by the Company for the year	91,055	102,767

Contributions amounting to £10,711 (2021: £80) were payable to the fund at the end of the year and are included in creditors (2021: debtors).

**Notes to the financial statements
for the year ended 31 December 2022 (continued)**

20. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A of FRS 102 to not to disclose transactions with fellow wholly owned subsidiaries.

21. Ultimate controlling party

The Company is a wholly owned subsidiary of Dover Fluids UK Ltd, a company incorporated in the UK. The directors consider Dover Corporation, incorporated in the US, to be the ultimate parent undertaking and controlling party.

Dover Corporation is the smallest and largest group for which consolidated financial statements are prepared. The Company is included in the consolidated financial statements of Dover Corporation, which are publicly available. Copies of the financial statements of Dover Corporation can be obtained by writing to Dover Corporation, 3005 Highland Parkway, Suite 200, Downers Grove, IL 60515, United States of America.