

Element Materials Technology Laboratory Instrumentation UK Limited

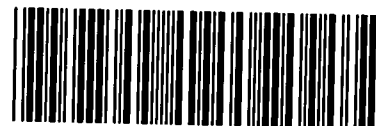
Directors' Report and Financial Statements

For the Year Ended

31 December 2022

Company Number 03116801

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Element Materials Technology Laboratory Instrumentation UK Limited

Company information

Directors	A Taylor C R Collins M J Hopkinson
Registered number	03116801
Registered office	3 rd Floor Davidson Building 5 Southampton Street London WC2E 7HA United Kingdom
Independent auditor	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom

Element Materials Technology Laboratory Instrumentation UK Limited

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Element Materials Technology Laboratory Instrumentation UK Limited

Directors' Report for the year ended 31 December 2022

The Directors present their report and financial statements for Element Materials Technology Laboratory Instrumentation UK Limited (the "Company") for the year ended 31 December 2022. The Company is part of a global network of laboratories with experts specialising in materials testing, product qualification testing and failure analysis. The Company is a wholly owned subsidiary of LCP Bidco Limited which is part of the whole group of companies headed by EM Topco Limited, the "Group" or "Element". The Company extended its accounting period in the prior year from 30 September 2021 to 31 December 2021 to align the year end with that of the Group. The financial statements therefore show a fifteen-month comparative period to 31 December 2021. The presented and comparative period are therefore not comparable due to the extended prior period.

This report has been prepared with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The Directors have taken advantage of Section 414B whereby the Company is exempt from preparing a strategic report.

The Company changed its name on 1 September 2022 from Anatune Limited to Element Materials Technology Laboratory Instrumentation UK Limited.

Principal activity

The principal activity of the Company throughout the year ended 31 December 2022 and the prior period was the supply of scientific products and service delivery.

Results and dividends

The revenue for the year amounted to £3,168,932 (for the 15 months to 31 December 2021: £6,383,433). The loss for the year, after taxation, amounted to £904,126 (loss for the 15 months to 31 December 2021: £47,009).

No dividends were paid during the year to 31 December 2022 (15 months to 31 December 2021: £nil).

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

T Taylor

C R Collins

M J Hopkinson

A B Porter

A Lockley

(Resigned 28 July 2022)

(Resigned 29 July 2022)

Political contributions

The Company made no political donations and incurred no political expenditure during the year (15 months to 31 December 2021: £nil).

Element Materials Technology Laboratory Instrumentation UK Limited

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

Principal risks and uncertainties

While risk cannot be eliminated altogether, actions are taken to mitigate risk wherever possible. As a matter of policy, the Company does not enter into speculative activities. The material business and operational risks that the Directors consider the Company to be exposed to are:

Risk	Mitigating factor
<p>Workplace health and safety: The Company's operations involve working with materials and chemicals that by their nature have inherent safety risks. Incidents may occur which could result in harm to employees, the temporary shutdown of facilities or other disruption to processes. The Company may be exposed to financial loss, regulatory action and potential liabilities for workplace injuries and fatalities.</p>	<p>Element's purpose is to "Make Tomorrow Safer Than Today". Managing its operations safely is the Group's number one priority and the Group puts continued emphasis on the promotion of a culture which puts safety first and encourages employees to take personal responsibility for their actions.</p> <p>The Element Environment, Health and Safety (SHE) Standard provides the standards and frameworks that are required to be met across all Element locations. The Safety Standard has established roles, responsibilities and expectations for leadership, driving awareness of requirements and developing further accountability.</p> <p>The Regional Safety, Health and Environment Leaders set annual priorities which are approved by the Operating Board. These form the basis for individual sites' own SHE priorities and plans.</p> <p>Each Business Unit (BU) has a SHE organization in place which holds regular meetings and audits and upgrades the safety aspects of the business.</p> <p>The company conducts a yearly engagement survey with safety focus. A yearly Element Safety week is conducted at the start of each year. The Safety Risk Registry is maintained and updated on a continuous basis.</p>
<p>Business continuity: Major incident or site closure resulting from factors including pandemics, natural disasters, or flood risks could cause a temporary closure of the Company's facilities and result in a reduction in revenue.</p>	<p>All Element facilities have Business Continuity Plans in place as well as Health & Safety policies.</p> <p>The business continuity plan is focussed on how to conduct business in the event of a major incident. The actual response during the emergency is captured in the Emergency Response plan, focused on communications, technology, infrastructure, customer service and supply chain.</p> <p>Additionally, Element has a diversified footprint, customer and geographic base, which provides a level of resilience against a single-point exposure. Were any site to be unavailable, operations could in many cases be switched to another Group site.</p>

Element Materials Technology Laboratory Instrumentation UK Limited

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

Risk	Mitigating factor
<p>Global economic and market conditions: Unmitigated delays in the receipt of orders or cancellation of existing contracts could affect the Company's financial performance.</p> <p>Abnormal cost inflation may create pressure on the Company's margin.</p> <p>If the Company is unable to continue trading profitably during periods of lower order intake, financial performance will deteriorate, and assets may be impaired.</p>	<p>The strength of our end market is an important driver for our growth. We actively monitor lead economic indicators in the market to support investment.</p> <p>The nature of the business and its variable cost base allows Management the flexibility to control costs and limit the impact of any global downturn. The Company continues to focus on cost control and efficiency programs to limit the impact of any abnormal cost inflation.</p> <p>Pricing is tracked by customer and contract on a monthly basis, allowing the Company real-time information on performance relative to external economic conditions, allowing the opportunity to increase prices if required. The Sales team conduct annual pricing workshops to continue to drive best practice across the organisation.</p>
<p>Innovation and digitisation: The risk that new entrants or new ways of working could seriously disrupt the testing and certification sector.</p>	<p>Digitisation and novel ways of delivery to customers could in the longer term provide growth and position the Company well against its competitors. The Group has established new ways of working, to develop digital transformation strategies both externally and internally.</p>
<p>Loss of reputation and/or exposure to liabilities due to quality issues The Company is exposed to loss of reputation and/or potential liabilities arising from quality issues in the provision of services</p>	<p>The Company has quality management systems and training in place ensuring that processes and systems are established, deployed and fit for purpose. These remain under regular review and are subject to external audit by accreditation bodies and customers.</p> <p>Each facility has a Quality Assurance & Quality Control organization in place that monitors, audits and approves the products, and if required, introduces and monitors process improvements to increase the quality of the product as well as maintain and further develop the Quality Control system.</p> <p>The Quality function is part of Business Unit, Regional and Element-wide quality organization.</p>
<p>Consolidation of customer base and/or competition: Market consolidations and reduced customer base could lead to pressure in pricing and operational delivery.</p>	<p>The Company has Strategic and Key Account Management programmes in place designed to build strong customer relationships achieved through operational excellence and on-time-delivery, identify opportunities to grow and find ways to maintain success within the account.</p> <p>Operational excellence principles and programmes are in place across all facilities, designed to improve operational delivery, regularly monitoring performance against expectations.</p>

Element Materials Technology Laboratory Instrumentation UK Limited

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

<p>Liquidity and cashflow: The Company is exposed to a range of financial risks, both internally and externally driven, such as trade and intercompany non-repayment of debt or fluctuation in foreign exchange rates.</p>	<p>In order to ensure that sufficient funds are available to fund ongoing operations and future developments, Management regularly reviews the cash flow forecasts and financing arrangements, including any Group support, of the business to ensure that there is sufficient funding in place. This includes reviews of the cash flow forecasts and operational performance of the entities from which the intercompany debt is due to monitor recoverability issues or the presence of indicators of impairment.</p>
<p>Recruitment and retention of key personnel: Failure to recruit or retain qualified personnel in key areas of the business may result in the Company failing to achieve its future growth aspirations.</p>	<p>Element's employees are its greatest asset, and it is important that the company continues to invest in recruiting and retaining the best technical experts and ensuring that the management team and other highly skilled personnel are invested in the business.</p> <p>Retention of team members is a key deliverable for management. Voluntary Turnover at target and year 1 attrition markedly improved. Retention initiatives include development days and workshops for key leaders, improvements to onboarding process and enhanced reward initiatives. A range of programmes are being delivered to drive employee retention including Leadership and General Manager development programmes; succession planning for senior leaders; employee assistance programs; and investments to support improved communications and engagement.</p> <p>Element's annual employee engagement survey, 'Your Voice', provides employees with the opportunity to give feedback on what is working well and what could be done differently. The results of the survey provide feedback that can be acted upon by Lab management to improve the experience of working at Element and provide the Element Group and Company Directors with a snapshot of how employees rate Element's culture and employee engagement.</p>
<p>Cyber security: Cyber-security and related risks are key emergent areas of critical importance for all businesses. Cyber threats can emanate from a wide variety of sources and could target various systems for a wide range of purposes, making response particularly difficult. In addition to business interruption and financial loss, the Company may suffer reputational damage.</p>	<p>The Group's IT teams continually monitor cyber security developments as a business-as-usual activity. Working with a number of specialist and industry leading technical partners, multiple layers of business protection have been created through the use of advanced intrusion detection and protection systems, web access firewalls and advanced content filtering to combat denial of service attacks.</p>

In accordance with its risk management guidelines the Company raises awareness of business risks at all operational management levels and encourages all management teams to assess and minimise risk. The Company's intermediate holding company, EM Topco Limited, ensures that appropriate insurance cover is in place for the Company and its subsidiaries in respect of customarily insured liabilities and claims. The risks are monitored by the Directors on a regular basis.

Element Materials Technology Laboratory Instrumentation UK Limited

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

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an annual basis. The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent company, EM Topco Limited ("EM Topco"). The Directors have received confirmation that EM Topco will support the company as necessary, and has the ability to do so, until the end of the period considered by the Directors in their going concern assessment, being the period from the date of approval of the Annual Report and Financial Statements until 31 December 2025.

This financial support is required as the Company is a participant in the Group cash pooling arrangement and therefore as a result, ultimately relies on the liquidity of the Group.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and Company have adequate resources for the Company to continue to adopt the going concern basis of accounting in preparing these financial statements. Further detail is contained in the statement on going concern within note 2.3 to the financial statements.

Events after the reporting date

On 25 May 2023, all assets of the Company's subsidiary, Friiscan Limited, were transferred to this Company. It is anticipated that Friiscan Limited will become dormant in subsequent years.

Between the end of the financial year and the date of this report, no other item, transaction or event of a material nature has occurred.

Future developments

As reported in events after balance sheet date, on 25th May 2023 all trading assets and liabilities of the Company's subsidiary, Friiscan Limited were transferred to this Company. The Directors are not aware at the date of this report of any further likely major changes in the Company's activities.

Directors' insurance and indemnities

As permitted by the Companies Act 2006, the Group purchases and maintains Directors' and Officers' insurance cover against certain legal liabilities and costs incurred by the Directors and Officers of the companies within the Group, in the performance of their duties. The Company has also granted an indemnity to each of its Directors in relation to the Directors' exercise of their powers, duties and responsibilities as Directors of the Company, the terms of which are in the Companies Act 2006.

Statement of disclosure of information to auditor

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

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

Element Materials Technology Laboratory Instrumentation UK Limited


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

Auditor reappointment

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

This report was approved by the board on 5 March 2024 and signed on its behalf.

DocuSigned by:

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C R Collins

Director

Date:

06 March 2024

Element Materials Technology Laboratory Instrumentation UK Limited

Directors' Responsibilities Statement for the year ended 31 December 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Element Materials Technology Laboratory Instrumentation UK Limited

Opinion

We have audited the financial statements of Element Materials Technology Laboratory Instrumentation UK Limited (the "company") for the period ended 31 December 2022 which comprise the Statement of Profit or Loss, the Statement of Financial Position, the Statement of Changes in Equity 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 FRS 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2025.

Our responsibilities and the responsibilities of the directors 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 Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Financial Statements.

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 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 Element Materials Technology Laboratory
Instrumentation UK Limited (continued)**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 7) 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.

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 Element Materials Technology Laboratory Instrumentation UK Limited (continued)

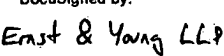
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS102 and the Companies Act 2006) and the relevant tax compliance regulations.
- We understood how the company is complying with those frameworks by making enquiries of management including those responsible for legal and compliance procedures. We corroborated our enquires through our review of board meeting minutes and consideration of the results of our audit procedures for the company.
- We designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance with laws and regulations and enquiries of those charged with governance and management. If we identify instances of non-compliance, we understand how management and those charged with governance have responded to them, including understanding the remediation actions taken, through enquiry of management and inspection of relevant documentation and correspondence. We also consider the appropriateness of the accounting for the impacts of any such non-compliance, and the adequacy of the financial statement disclosures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud, reviewing documentation of the company's policies and procedures including the Code of Conduct and assessing whistleblowing incidences for those with a potential financial reporting impact. We also considered performance targets and whether they might influence management to override controls to manipulate revenue. As a result, we identified a fraud risk relating to inappropriate revenue recognition, specifically in relation to revenue cut-off. We considered the controls that the company has established to address the risk identified, or that otherwise prevent, deter or detect fraud and how senior management monitors those controls.
- We designed our audit procedures to respond to the identified risk relating to revenue cut-off including performing correlation analysis between invoiced revenue, receivables and cash, and analysis of credit notes. We performed a search for revenue recorded through journal entries outside the normal business process and investigated any unusual items to establish the appropriateness of revenue recognised.
- We also, as part of the overall response to the risk of fraud, performed journal entry testing.

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.

DocuSigned by:

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Judith Smith (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

06 March 2024

Element Materials Technology Laboratory Instrumentation UK Limited

Statement of profit or loss for the year ended 31 December 2022

		Year to 31 Dec 2022	15 months to 31 Dec 2021
	Note	£	£
Revenue		3,168,932	6,383,433
Cost of sales		(1,656,117)	(3,555,862)
Gross profit		1,512,815	2,827,571
Administrative expenses		(2,438,929)	(2,859,927)
Other operating income	4	10,343	1,593
Operating loss	5	(915,771)	(30,763)
Interest payable and similar charges	6	(5,347)	(12,831)
Loss before tax		(921,118)	(43,594)
Tax credit/(charge) on loss	8	16,992	(3,415)
Loss after tax		(904,126)	(47,009)

All results are generated from continuing operations.

There is no Statement of other comprehensive income as all income and expenses for the current period are included in the Statement of profit or loss above.

The accompanying notes are an integral part of these financial statements.

Element Materials Technology Laboratory Instrumentation UK Limited

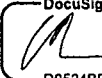
Statement of financial position as at 31 December 2022

		2022	2022	2021	2021
	Note	£	£	£	£
Fixed assets					
Intangible assets	9	-		9,682	
Tangible assets	10	534,142		755,104	
Investments	11	1		1	
			534,143		764,787
Current assets					
Stocks	12	520,871		527,929	
Debtors: amounts falling due within one year	13	1,281,542		1,662,037	
Cash at bank and in hand		222,663		176,121	
		2,025,076		2,366,087	
Creditors: amounts falling due within one year	14	(1,996,588)		(1,832,225)	
Net current assets			28,488		533,862
Total assets less current liabilities			562,631		1,298,649
Creditors: amounts falling due after more than one year	15	(243,705)		(44,892)	
Provisions for liabilities					
Provisions for liabilities	17	(169,077)		(199,782)	
Net assets			149,849		1,053,975
Capital and reserves					
Called up share capital	18	32,364		32,364	
Share premium account	19	16,678		16,678	
Capital redemption reserve	19	6,374		6,374	
Retained earnings	19	94,433		998,559	
Total shareholder equity			149,849		1,053,975

The accompanying notes are an integral part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board on 5 March 2024 and were signed on its behalf by:

DocuSigned by:

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C R Collins
Director

06 March 2024

Element Materials Technology Laboratory Instrumentation UK Limited

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

	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Total
	£	£	£	£	£
At 1 January 2022	32,364	16,678	6,374	998,559	1,053,975
Loss for the year	-	-	-	(904,126)	(904,126)
At 31 December 2022	<u>32,364</u>	<u>16,678</u>	<u>6,374</u>	<u>94,433</u>	<u>149,849</u>

Statement of changes in equity for the 15 months ended 31 December 2021

	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Total
	£	£	£	£	£
At 1 October 2020	32,364	16,678	6,374	1,045,568	1,100,984
Loss for the period	-	-	-	(47,009)	(47,009)
At 31 December 2021	<u>32,364</u>	<u>16,678</u>	<u>6,374</u>	<u>998,559</u>	<u>1,053,975</u>

Element Materials Technology Laboratory Instrumentation UK Limited

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

1. General information

The Company is a private limited company limited by shares, registered in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 (section 400 exemption from preparing consolidated accounts).

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemption

As permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Where required, equivalent disclosures are given in the group financial statements of EM Midco2 Limited.

Element Materials Technology Laboratory Instrumentation UK Limited

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

2. Accounting policies (continued)

2.3 Going concern

The Directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis. The financial statements of the Company have been prepared on a going concern basis, as the Directors have concluded that the going concern basis continues to be appropriate.

The Company has, as at 31 December 2022 net assets of £149,849 (31 December 2021: £1,053,975). The Company has no external loans or borrowings or complex financial instruments as at 31 December 2022 (31 December 2021: £nil). The Company had cash balances of £222,663 at as 31 December 2022 (31 December 2021: £176,121). The Company generated a loss after tax of £904,126 in the year ended 31 December 2022 (15 months to 31 December 2021: Loss after tax of £47,009).

The company's future viability is ultimately dependent on the performance of the wider trading group owned by the company's holding company, EM Topco Limited ("EM Topco"), and group management's decisions on the flow of capital.

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent company, EM Topco. The Directors have received confirmation that EM Topco will support the company as necessary, and has the ability to do so, until the end of the period considered by the Directors in their going concern assessment, being the period from the date of approval of the Annual Report and Financial Statements until 31 December 2025.

This financial support is required as the Company is a participant in the Group cash pooling arrangement and therefore as a result, ultimately relies on the liquidity of the Group. The going concern assessment, which has been performed for the period up to 31 December 2025, takes into account the Group's cash flow and available undrawn banking facilities. The analysis concluded that even after the downside scenarios modelled, the Group would have sufficient funds to trade and settle its liabilities as they fall due.

The Directors believe that the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group would be able to operate within the level of its current committed facilities. As part of a regular assessment of the Group's working capital and financing position, the Directors have prepared a detailed bottom-up trading budget and cash flow forecast for the period through 31 December 2025.

The Directors have chosen the period to 31 December 2025 to assess the going concern because this is the end of the date of the period used for the going concern assessment of the Group headed by EM Topco Limited, the intermediate parent, upon whose continued financial support the Company relies. In considering the going concern status, the Directors have considered the principal risks and uncertainties discussed in the strategic report and assessed the impact.

In assessing the going concern status, the Group and Company Directors have considered:

- Global economic downturn impacting underlying end-markets
- Susceptibility to inflation and interest rate movements
- The status of the Group's existing and future credit arrangements
- Technological disruption due to simulation and software potentially reducing traditional testing and/or outsourcing of testing activities
- Difficulties in recruiting/retaining technical talent to support organic growth, and
- Overall margin pressure due to significant cost inflation and the availability of mitigating actions including price increases and managing capital expenditure

Element Materials Technology Laboratory Instrumentation UK Limited

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

2. Accounting policies (continued)

2.3 Going Concern (continued)

The Group and Company directors have considered the potential impacts of current conflicts including those in Ukraine and Gaza/Israel on our business, assessing possible supply chain disruptions/cost increases and evaluating risks to future earnings. At this stage we do not anticipate a material impact to the Group's performance. However, if the Group is impacted, we are confident that mitigating actions and cost management plans within management's control could be implemented to alleviate risk.

The going concern assessment takes into account the Group's cash balance as at 31 December 2023 which includes the additional equity funding from the majority investor in EM Topco Limited of \$242m received on 18th Dec 2023, cash flows and available undrawn credit facilities. Based on the going concern assessment performed over the period to 31 December 2025, the Group and Company directors have a reasonable expectation that the Group will continue in operation, settle its liabilities as they fall due, and remain compliant with banking facilities and have adequate liquidity to trade.

Sensitivity analyses have been performed on the forecasts to consider the impact of severe, but plausible, scenarios on the headroom on cash and available credit facilities. These scenarios, which sensitized the forecasts for specific identified risks, modelled the reduction in anticipated levels of underlying EBITDA and the associated increase in net debt and considered the impact of higher than forecast interest rates. The EBITDA reduction scenario modelled the sustained decline in Group performance due to a variety of macroeconomic issues including, but not limited to, cost inflation and is modelled on a 16% reduction in EBITDA to 31 December 2025.

Throughout this downside scenario, and scenarios in which interest charges are higher than forecast, the Group continues to have significant liquidity headroom on its new debt commitments and existing facilities and against the revolving credit facility covenant. Further considerations were made to assess a further deterioration to the downside scenario that would result in a break-even liquidity position for the Group. Consideration was also given to the plausibility of the occurrence of this deterioration and the Group and Company directors concluded that it is implausible that such a scenario would occur.

As a result of the Group wide going concern assessment described above and the confirmation received that EM Topco will support the Company as necessary and has the ability to do so, to 31 December 2025, the Directors are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future and will be able to meet its liabilities as they fall due during the period from the date of the approval of these financial statements to 31 December 2025.

Therefore, the financial statements of the Company have been prepared on a going concern basis.

2.4 Revenue

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The following criteria must be met before revenue is recognised:

Sale of goods

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

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Element Materials Technology Laboratory Instrumentation UK Limited

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

2. Accounting policies (continued)

2.4 Revenue (continued)

Services

Revenue from services is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction is estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2.5 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of profit or loss in the same period as the related expenditure.

2.6 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of profit or loss when they fall due. Amounts not paid are shown in Creditors: amounts falling due within one year as a liability in the Statement of financial position. The assets of the plan are held separately from the company in an independently administered fund.

2.7 Research and development

Research and development expenditure is written off as incurred.

2.8 Intangible assets

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

Intangible assets are amortised on a straight-line basis over the following estimated useful lives:

Computer software	- 1 to 3 years
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Where factors such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are revised for impairment if the above factors indicate that the carrying amount may be impaired.

Element Materials Technology Laboratory Instrumentation UK Limited

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

2. Accounting policies (continued)

2.9 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. The cost of property, plant and equipment is the purchase cost, together with any directly attributable costs.

Depreciation is provided on all property, plant and equipment other than land, at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold property improvements	- Lower of useful life, 30 years and contractual lease term, 5 years (to June 2022: 4.58 years)
Plant and machinery	- 7 years (to June 2022: 6.67 years)
Motor vehicles	- 4 years
Office equipment	- 10 years (to June 2022: 4 years)
Computer equipment	- 3 years (to June 2022: 4 years)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Useful lives for depreciation were reassessed from 1 July 2022 to align with the policies of the Element Group on a prospective basis.

Assets under the course of construction are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit or loss.

2.10 Investments in subsidiaries

Investments in subsidiaries are stated at cost less, as appropriate, provisions for impairment.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

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

2.12 Cash and cash equivalents

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

2.13 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to and from related parties.

Element Materials Technology Laboratory Instrumentation UK Limited

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

2. Accounting policies (continued)

2.13 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially at transaction price and subsequently, carried at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Provisions for liabilities

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

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

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

2.15 Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

2.16 Current and deferred taxation

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

Element Materials Technology Laboratory Instrumentation UK Limited

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

2. Accounting policies (continued)

2.16 Current and deferred taxation (continued)

The current tax charge / credit is based on the taxable profit for the year. Taxable profit differs from profit or loss as reported in the Statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

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

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

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

2.17 Operating leases: the company as a lessee

Rentals paid under operating leases are charged to the statement of profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the Company's benefit from the use of the leased asset.

2.18 Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are charged or credited to the Statement of profit or loss.

Element Materials Technology Laboratory Instrumentation UK Limited

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

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

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Directors consider that there were no critical accounting judgments made in preparing these financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future periods. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Dilapidations

Provisions for dilapidation liabilities are made when there is a present obligation and where it is probable that expenditure on restoration work will be required and a reliable estimate can be made of the cost. In estimating the dilapidation liability, Management uses their best estimate regarding cost of restoring operating sites to their original condition in accordance with the terms of the lease contracts where relevant. These estimates are reviewed annually for the impact of inflation, any material changes in underlying cost of restoration or any significant redevelopment works which have taken place and the amount expected to be paid on termination or expiry of the leased property is recognised as a dilapidation provision as at year end. There are significant uncertainties with regards to the final amounts of any future payments and some uncertainties with regards to the timing of such payments. These uncertainties can also result in the reversal of previously established provisions once final settlement is reached with the third party.

Given the nature of the provision, It is expected that these costs will be incurred at the end of the lease term in 2027.

4. Other operating income

	Year to 31 Dec 2022 £	15 months to 31 Dec 2021 £
Insurance recovery	10,343	-
Government grants receivable	-	1,593
	<u>10,343</u>	<u>1,593</u>

Element Materials Technology Laboratory Instrumentation UK Limited

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

5. Operating loss

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

	Year to 31 Dec 2022	15 months to 31 Dec 2021
	£	£
Exchange differences	18,624	3,645
Amortisation of intangible fixed assets (note 9)	9,682	12,109
Depreciation of tangible fixed assets (note 10)	163,101	266,151
Operating lease rentals	122,098	134,982
Profit on disposal of tangible fixed assets	-	(4,083)
Pension costs	41,867	58,053

Audit fees

Fees payable to Ernst & Young LLP for the audit of the Company for the period ended 31 December 2022 and 2021 were borne by other companies within the Group and disclosed in the consolidated financial statements of Element Materials Technology Group Limited. There were no non-audit services provided by Ernst & Young to the Company during the year to 31 December 2022 (15 months to 31 December 2021 :£nil)

6. Interest Payable

	Year to 31 Dec 2022	15 months to 31 Dec 2021
	£	£
Interest Payable	5,347	12,831

Interest payable relates to interest payable on HP agreements and the unwinding of discount and changes on discount rate on provisions.

7. Employees and Directors' remuneration

The average number of persons employed by the company during the year amounted to 21 (2021 - 24).

The 5 directors who served during the period are also directors of a number of other group companies and do not consider it possible to identify the proportion of their remuneration relating to their roles as directors of this company.

The total remuneration for the Directors for services to the group, whilst Directors of this entity, was £968,594 (2021: £1,035,206) of which £53,344 (15 months to 31 December 2021: £109,154) has been paid through these financial statements.

There were no other short-term employee benefits paid to the Directors in the year (15 months to 31 December 2021: nil) and there were no retirement benefits accruing to the Directors under pension schemes as at 31 December 2022 (2021: nil). The highest paid Director received £480,066 (15 months to 31 December 2021: £283,739).

Element Materials Technology Laboratory Instrumentation UK Limited

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

8. Taxation

a) The tax charge in the Statement of profit or loss is made up as follows;

	Year to 31 Dec 2022 £	15 months to 31 Dec 2021 £
Current Tax	-	15,000
Adjustments in respect of previous periods	14,963	5,525
Total current tax	<u>14,963</u>	<u>20,525</u>
Deferred tax		
Origination and reversal of timing differences	(38,783)	(44,874)
Adjustments in respect of previous periods	6,828	27,764
Total Deferred Tax	<u>(31,955)</u>	<u>(17,110)</u>
Total tax on continuing operations	<u>(16,992)</u>	<u>3,415</u>

b) Reconciliation of the total tax charge:

The tax expense in the Statement of profit or loss for the year is lower than the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below.

	Year to 31 Dec 2022 £	15 months to 31 Dec 2021 £
Accounting Loss before income tax	<u>(921,118)</u>	<u>(43,594)</u>
Tax calculated at UK standard rate of corporation tax of 19% (2021: 19%)	(175,012)	(8,283)
Effect of:		
Disallowed expenses and non-qualifying depreciation	82	3,059
Adjustments in respect of prior periods	21,791	5,525
Tax rate changes	(9,308)	27,764
Group relief surrendered/(claimed) for nil consideration	145,455	(24,650)
Taxation charge/(credit) for the year / period	<u>(16,992)</u>	<u>3,415</u>

Element Materials Technology Laboratory Instrumentation UK Limited

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

8. Taxation (continued)

c) Factors that may affect future tax charges

The Finance Act 2021 enacted on 10 June 2021 increased the main rate of UK corporation tax from 19% to 25% effective from 1 April 2023. Deferred tax balances on the balance sheet have been measured at 25% (2021: 25%) which represents the future corporation tax rate that was enacted at the balance sheet date.

9. Intangible fixed assets

	Software £	Total £
Cost or valuation		
At 1 January 2022	11,332	11,332
Additions	-	-
Disposals	(11,332)	(11,332)
At 31 December 2022	-	-
Amortisation		
At 1 January 2022	1,650	1,650
Charge for the period	9,682	9,682
Disposals	(11,332)	(11,332)
At 31 December 2022	-	-
Net book value		
At 31 December 2022	-	-
At 31 December 2021	9,682	9,682

Element Materials Technology Laboratory Instrumentation UK Limited

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

10. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2022	112,034	1,222,810	153,851	30,479	139,748	1,658,922
Additions	-	33,958	-	-	199	34,157
Disposals	-	(157,780)	-	(816)	(2,275)	(160,871)
At 31 December 2022	112,034	1,098,988	153,851	29,663	137,672	1,532,208
Depreciation						
At 1 January 2022	72,974	539,532	135,694	28,247	127,371	903,818
Charge for the period	7,812	131,806	15,726	731	7,026	163,101
Disposals	-	(65,762)	-	(816)	(2,275)	(68,853)
At 31 December 2022	80,786	605,576	151,420	28,162	132,122	998,066
Net book value						
At 31 December 2022	31,248	493,412	2,431	1,501	5,550	534,142
At 31 December 2021	39,060	683,278	18,157	2,232	12,377	755,104

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 Dec 2022 £	31 Dec 2021 £
Plant and machinery	68,414	91,569
Motor vehicles	2,431	18,157
	<u>70,845</u>	<u>109,726</u>

Element Materials Technology Laboratory Instrumentation UK Limited

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

11. Investments

	Investment in subsidiary company £
Cost or valuation	
At 31 December 2021	1
At 31 December 2022	1

The company holds 100% of the voting share capital of Friiscan Limited.

12. Stocks

	31 Dec 2022 £	31 Dec 2021 £
Finished goods and goods for resale	520,871	527,929

13. Debtors: amounts falling due within one year

	31 Dec 2022 £	31 Dec 2021 £
Trade debtors	919,071	862,842
Amounts owed by group undertakings	305,318	639,727
Prepayments and accrued income	57,153	159,468
	1,281,542	1,662,037

Amounts owed by group undertakings are unsecured, interest free, have no fixed repayment date and are repayable upon demand.

Element Materials Technology Laboratory Instrumentation UK Limited

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

14. Creditors: amounts falling due within one year

	31 Dec 2022 £	31 Dec 2021 £
Trade creditors	268,115	496,288
Amounts owed to group undertakings	748,233	136,849
Corporation tax	15,000	37
Other taxation and social security	90,576	238,749
Obligations under finance lease and hire purchase contracts	35,873	36,412
Accruals and deferred income	838,791	923,890
	<u>1,996,588</u>	<u>1,832,225</u>

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

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

	31 Dec 2022 £	31 Dec 2021 £
Obligations under finance leases and hire purchase contracts	10,620	44,892
Accruals and deferred income	233,085	-
	<u>243,705</u>	<u>44,892</u>

The majority of the accruals and deferred income balance relates to service contract income invoiced in advance where period of service extends beyond one year.

16. Hire purchase and finance leases

Minimum lease payments under hire purchase agreements fall due as follows:

	31 Dec 2022 £	31 Dec 2021 £
Within one year	35,873	36,412
Between 1-5 years	10,620	44,892
	<u>46,493</u>	<u>81,304</u>

Hire purchase liabilities are secured on the assets concerned.

Element Materials Technology Laboratory Instrumentation UK Limited

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

17. Provisions for liabilities

	Deferred taxation £	Provision for dilapidations £	Total £
Cost or valuation			
At 1 January 2022	115,684	84,098	199,782
(Credited)/charged to profit or loss	(31,955)	1,250	(30,705)
At 31 December 2022	<u>83,729</u>	<u>85,348</u>	<u>169,077</u>

Deferred taxation

The provision for deferred taxation is made up as follows:

	31 Dec 2022 £	31 Dec 2021 £
Fixed Asset timing differences	<u>83,729</u>	<u>115,684</u>

Provision for dilapidations

A provision is recognised for the expected costs of dilapidations at Wellbrook Court to return the building to the condition required in the lease. It is expected that these costs will be incurred at the end of the lease term in 2027.

18. Share capital

	31 Dec 2022 £	31 Dec 2021 £
Allotted, called up and fully paid		
30,000- ordinary A shares of £1 each	30,000	30,000
2,364- ordinary C shares of £1 each	2,364	2,364
	<u>32,364</u>	<u>32,364</u>

Ordinary A and C shares rank pari-passu except that ordinary C shares hold no voting rights.

Element Materials Technology Laboratory Instrumentation UK Limited

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

19. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve

The capital redemption reserve is used to maintain the level of permanent capital where the company has bought back and cancelled its own shares.

Retained earnings

Retained earnings represents cumulative profits or losses, net of dividends paid.

20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £41,867 in the year to 31 December 2022 (15 months to December 2021 - £58,053). Contributions totalling £4,174 (31 December 2021 - £Nil) were payable to the fund at the balance sheet date and are included in accruals and deferred income.

21. Commitments under operating leases

At 31 December 2022, the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 Dec 2022 £	31 Dec 2021 £
Not later than 1 year	108,599	118,648
Later than 1 year and not later than 5 years	295,438	411,655
	<u>404,037</u>	<u>530,303</u>

22. Related party transactions

The company has taken advantage of the exemption as a subsidiary undertaking from disclosing transactions between wholly owned subsidiaries within the group, as allowed under FRS 102 section 33, 'Related Party Transactions'.

Element Materials Technology Laboratory Instrumentation UK Limited

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

23 Events after the reporting date

On 25 May 2023, all assets of the Company's subsidiary, Friiscan Limited, were transferred to this Company, Friiscan Limited will become dormant in subsequent years.

Between the end of the financial year and the date of this report, no other item, transaction or event of a material nature has occurred.

24. Ultimate parent undertaking and controlling party

On 6th July 2022, the Company's ultimate parent undertaking changed to Temasek Holdings (Private) Limited, a company incorporated in Singapore. The immediate parent undertaking is LCP Bidco Limited, a company incorporated in the England and Wales.

The parent company of the smallest group of which the Company is a member, and for which group financial statements are prepared, is EM Midco2 Limited, a company incorporated in England and Wales.

The parent undertaking of the largest Group of which the Company is a member and for which group financial statements are prepared is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

Copies of the Group financial statements of EM Midco 2 Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ. EM Midco2 Limited's registered office is at 3rd Floor Davidson Building, 5 Southampton Street, London, United Kingdom, WC2E 7HA.

Copies of the 31 March 2023 Group financial statements of Temasek Holdings (Private) Limited are available from www.temasekreview.com.sg/group-financials/.