Registered number: 03913109

SARCLAD LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY INFORMATION

Directors	E A Roskovensky E H Stoeckel S H Meadows R S Cowlishaw
Company secretary	S H Meadows
Registered number	03913109
Registered office	Unit 3 - Evolution Advanced Manufacturing Park Whittle Way Rotherham South Yorkshire S60 5BL
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1 Holly Street Sheffield South Yorkshire S1 2GT
Bankers	HSBC Bank plc Market Place Chesterfield S40 1TN

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

The group's principal activity is the development and assembly of high-technology surface conditioning and monitoring equipment for use in steel manufacturing and processing.

This activity is undertaken through its head office in Rotherham, United Kingdom, where machine design, procurement, assembly and testing work are performed along with Group Sales, Finance and HR functions. The China location provides support to the sales activity as well as machine install and service work.

Business review

The results for the year are shown in the Statement of Comprehensive Income on page 11.

Financial and other key performance indicators are noted below.

Principal risks and uncertainties

Competitor Risk
Competition from companies in Asia and North America can have an impact on the profitability of specific products. Technical innovation and maintaining a strong reputation are considered the best ways to respond to these risks.

The group aims to strengthen its market position by following a course of technical development programmes in support of its product range and to develop new products in complimentary markets. Strong relationships are formed with its leading customers by providing a high level of technical support and service.

Credit Risk
The group's principal financial assets are bank and cash balances and trade and other receivables. The company's credit risk is attributable to its trade receivables. The amounts presented in the Consolidated and Company Statements of Financial Position are net of allowances for doubtful receivables. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparts and customers. Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. Debtors includes amounts recoverable on long term contracts. The timing of settlement of these amounts can vary, being dependent on a number of contractual phases subsequent to the delivery of machinery to site, including install, commissioning, and performance testing.

Interest Rate Risk
Amounts owed to related undertakings are held at fixed interest rates. As at 31 December 2023 the group had no interest bearing external debt.

Liquidity Risk
The directors consider that the group's banking facilities are adequate going forward.
The directors believe that, by keeping all the company's liquid assets in reputable financial institutions, they are minimising the risk of financial losses to the group.

Currency Risk
A large proportion of the group's sales are in foreign currency, predominantly US dollars and Euros, and amounts owed to related undertakings are denominated in US dollars. This creates currency risk through exposure to movements in exchange rates. Where it is considered to be beneficial the group takes out forward exchange contracts to manage the risk accordingly.

Financial and other key performance indicators

Consolidated turnover has decreased by 6% in the year, reflecting the timing of projects and lower volumes, in particular from China. Key EDT orders were successfully delivered to China, the US and Mexico, although total volumes remained below the anticipated level leading to the business generating a Consolidated operating loss of £1,951,405. This represented an improvement on the prior year (2022 consolidated operating loss of £2,503,588), driven by control of fixed overheads and reduced FX translation losses.

While extended lockdowns in China ended during the year, allowing a return to normal levels of interaction with the customer base, local economic drivers have continued to limit investment in capital equipment. Despite this, new EDT and SCM orders were secured from China in the latter half of the year and together with contracts for other regions, the business ended 2023 with a strong backlog of orders (approximately double the size of the backlog held at the prior year end) for delivery in 2024. This, together with the launch of new variants of existing products and new products developed within the business, is creating a basis for increased order attainment and sales volumes going forward.

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

richard cowlishaw

R S Cowlishaw
Director

Date: 21/8/2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Results and dividends

The consolidated loss for the year, after taxation, amounted to £2,423,905 *(2022: loss £2,907,736)*.

The directors do not recommend the payment of a dividend *(2022: £Nil)*.

Directors

The directors who served during the year were:

E A Roskovensky
E H Stoeckel
S H Meadows
R S Cowlishaw

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The group and the company have prepared forecasts to 30 September 2025, and the company has obtained a letter of support from The Heico Companies LLC and from Heico Holding, Inc. confirming that they would not recall intercompany loans for at least 12 months from the date of approval of the financial statements if the company's forecasts indicated that it cannot afford repayments due, and that they will have the resources available to provide this financial support.

Based on the above, the directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the group has sufficient resources and available facilities to continue in existence for the foreseeable future, including support from the parent company. The directors have reviewed forecasts for the period of at least 12 months after the date the financial statements are signed and for this reason the directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate and do not consider that there are any material uncertainties that may cast significant doubt over the group's ability to operate as a going concern.

Future developments

The business continues to invest in product development, in order to maintain its position as the market leader in our key product areas. We have enhanced our internal structure and processes in order to better identify and develop new products to support our longer term growth objectives.

During 2023 the business has secured the first two orders for our newly designed flagship Rolltex MSA (Multi Servo Array) EDT machine, providing unrivalled roll texturing performance to compliment our existing Rolltex EDT product range. The Rollscan Mark VII is now offering 3 model variants including creep wave capability, while the recently introduced calliper based inline caster monitoring system creates a full caster management offering together with the offline SCM product. A new CMS (Contamination Measurement System) product, the first of its kind, able to offer continuous monitoring of the cleanliness of strip lines, has also been launched during the year.

The business has adopted a continuous process of developing and searching for new product development opportunities as part of its rolling 5 year strategy. This activity is now core to our business model, which focuses on leveraging our knowledge base and existing footprint, to grow both revenues and earnings.

The above developments and initiatives are driven by our UK head office activity but focus on our worldwide customer base. The processes undertaken involve close collaboration with with our China subsidiary to ensure alignment with geographical segment requirements and growth objectives.

Qualifying third party indemnity provisions

There were no qualifying third party indemnity policies in place during the current or previous year.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Post balance sheet events

There are no significant events affecting the company or group post year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

R S Cowlishaw richard cowlishaw
Director

Date: 21/8/2024

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SARCLAD LIMITED

Opinion

We have audited the financial statements of Sarclad Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 December 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 group and the parent 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and of the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group and the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and of the parent company's business model including effects arising from macro-economic uncertainties such as the war in Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group and the parent company's financial resources or ability to continue operations over the going concern period.

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 group and the parent 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 Group Strategic Report and Directors' Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Group Strategic Report and Directors' 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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.

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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SARCLAD LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 3, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SARCLAD LIMITED (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to the health and safety, employee matters, data protection, environmental, and bribery and corruption practices.
- We understood how the group is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes and legal expenses.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by discussions with management to understand where management considered there is a susceptibility of fraud.
- Audit procedures performed by the engagement team included:
  - evaluation of the controls established to address the risk relates to irregularities and fraud;
  - testing manual journal entries, in particular journal entries determined to be large or relating to unusual transactions based on the understanding of the business;
  - *identifying and testing related party transactions;*
  - completion of audit procedures to conclude on the compliance of disclosures in the Group Strategic Report and the Group Director's report and accounts with applicable financial reporting requirements.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagements team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates;
  - understanding of the legal and regulatory requirements specific to the entity.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SARCLAD LIMITED (CONTINUED)

- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

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.

Grant Thornton UK LLP

Peter Edwards BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
Date:21/8/2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Turnover	4	**8,844,930**	*9,452,530*
Cost of sales		**(7,214,028)**	*(7,112,980)*
Gross profit		**1,630,902**	*2,339,550*
Selling expenses		**(1,154,867)**	*(1,065,445)*
Administrative expenses		**(2,477,931)**	*(3,837,731)*
Other operating income	5	**50,491**	*60,038*
Operating loss	6	**(1,951,405)**	*(2,503,588)*
Interest receivable and similar income	10	**152**	*309*
Interest payable and similar expenses	11	**(472,652)**	*(403,614)*
Loss before tax		**(2,423,905)**	*(2,906,893)*
Tax on loss	12	**-**	*(843)*
Loss for the financial year		**(2,423,905)**	*(2,907,736)*
Currency translation differences		**(33,628)**	*(8,027)*
Total comprehensive charge for the year		**(2,457,533)**	*(2,915,763)*
Loss for the year attributable to:			
Owners of the parent company		**(2,423,905)**	*(2,907,736)*

The notes on pages 19 to 42 form part of these financial statements.

SARCLAD LIMITED
REGISTERED NUMBER:03913109

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	13		**100,543**		*152,090*
			100,543		*152,090*
Current assets					
Stocks	15	**4,743,367**		*2,825,837*	
Debtors	16	**4,553,352**		*6,351,301*	
Cash at bank and in hand	17	**266,306**		*515,080*	
		9,563,025		*9,692,218*	
Creditors: amounts falling due within one year	18	**(9,815,103)**		*(5,449,032)*	
Net current (liabilities)/assets			**(252,078)**		*4,243,186*
Total assets less current liabilities			**(151,535)**		*4,395,276*
Creditors: amounts falling due after more than one year	19		**(8,955,489)**		*(11,053,064)*
Provisions for liabilities					
Other provisions	22	**(14,475)**		*(6,178)*	
			(14,475)		*(6,178)*
Net liabilities			**(9,121,499)**		*(6,663,966)*
Capital and reserves					
Called up share capital	24		**2**		*2*
Share premium account	23		**3,285,083**		*3,285,083*
Foreign exchange reserve	23		**(45,722)**		*(12,094)*
Profit and loss account	23		**(12,360,862)**		*(9,936,957)*
			(9,121,499)		*(6,663,966)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21/8/2024

richard cowlishaw

R S Cowlishaw
Director

The notes on pages 19 to 42 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	13		**95,693**		*145,177*
Investments	14		**40,000**		*40,000*
			135,693		*185,177*
Current assets					
Stocks	15	**4,579,041**		*2,615,426*	
Debtors	16	**7,458,536**		*8,794,871*	
Cash at bank and in hand	17	**246,020**		*497,049*	
		12,283,597		*11,907,346*	
Creditors: amounts falling due within one year	18	**(9,621,546)**		*(5,328,775)*	
Net current assets			**2,662,051**		*6,578,571*
Total assets less current liabilities			**2,797,744**		*6,763,748*
Creditors: amounts falling due after more than one year	19		**(8,955,489)**		*(11,053,064)*
Provisions for liabilities					
Other provisions	22	**(14,475)**		*(6,178)*	
			(14,475)		*(6,178)*
Net liabilities			**(6,172,220)**		*(4,295,494)*

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

	Note		2023 £		2022 £
Capital and reserves					
Called up share capital	24		**2**		*2*
Share premium account	23		**3,285,083**		*3,285,083*
Profit and loss account brought forward		**(7,580,579)**		*(4,966,089)*	
Loss for the year		**(1,876,726)**		*(2,614,490)*	
Profit and loss account carried forward			**(9,457,305)**		*(7,580,579)*
			(6,172,220)		*(4,295,494)*

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the period was £1,876,726 *(2022: £2,614,490)*.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21/8/2024

richard cowlishaw

R S Cowlishaw
Director

The notes on pages 19 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2023	2	3,285,083	(12,094)	(9,936,957)	(6,663,966)
Comprehensive income for the year					
Loss for the year	-	-	-	(2,423,905)	(2,423,905)
Currency translation differences	-	-	(33,628)	-	(33,628)
At 31 December 2023	2	3,285,083	(45,722)	(12,360,862)	(9,121,499)

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

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2022	2	3,285,083	(4,067)	(7,029,221)	(3,748,203)
Comprehensive income for the year					
Loss for the year	-	-	-	(2,907,736)	(2,907,736)
Currency translation differences	-	-	(8,027)	-	(8,027)
At 31 December 2022	2	3,285,083	(12,094)	(9,936,957)	(6,663,966)

The notes on pages 19 to 42 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2023	2	3,285,083	(7,580,579)	(4,295,494)
Comprehensive income for the year				
Loss for the year	-	-	(1,876,726)	(1,876,726)
At 31 December 2023	2	3,285,083	(9,457,305)	(6,172,220)

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	2	3,285,083	(4,966,089)	(1,681,004)
Comprehensive income for the year				
Loss for the year	-	-	(2,614,490)	(2,614,490)
At 31 December 2022	2	3,285,083	(7,580,579)	(4,295,494)

The notes on pages 19 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	(2,423,905)	(2,907,736)
Adjustments for:		
Depreciation of tangible assets	52,519	73,260
Loss on disposal of tangible assets	170	1,080
Interest payable	472,652	403,614
Interest receivable	(152)	(309)
Taxation charge/(credit)	-	(843)
(Increase) in stocks	(1,917,530)	(472,575)
Decrease/(increase) in debtors	1,831,105	(194,890)
(Increase)/decrease in amounts owed by groups	(70,731)	2,241
(Decrease)/increase in creditors	(345,057)	89,147
Increase in amounts owed to groups	2,673,952	2,058,118
Increase/(decrease) in provisions	8,297	(603)
Corporation tax (paid)/received	(2,426)	166,350
Net cash generated from operating activities	278,894	(783,146)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,142)	(30,843)
Interest received	152	309
Finance lease interest paid	(1,440)	(3,199)
Net cash used in investing activities	(2,430)	(33,733)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Cash flows from financing activities		
Repayment of finance leases	**(20,398)**	*(18,638)*
Interest paid	**(471,212)**	*(400,415)*
Net cash used in financing activities	**(491,610)**	*(419,053)*
Net decrease in cash and cash equivalents	**(215,146)**	*(1,235,932)*
Cash and cash equivalents at beginning of year	**515,080**	*1,759,039*
Effect of exchange rates on cash and cash equivalents	**(33,628)**	*(8,027)*
Cash and cash equivalents at the end of year	**266,306**	*515,080*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**266,306**	*515,080*

The notes on 19 - 42 form part of these financial statements

1. General information

Sarclad Limited is a private company limited by shares & incorporated in England and Wales. Its registered office is located at Unit 3 - Evolution, Advanced Manufacturing Park, Rotherham, South Yorkshire, S60 5BL.

The company is principally engaged in the development and assembly of high-technology surface conditioning and monitoring equipment for use within the steel manufacturing industry.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The group and company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

The preparation of financial statements in compliance with 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). All transactions with the group entities are conducted at arm's length.

No separate parent company cash flow statement with related notes is included in accordance with the exemptions available under FRS 102.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.3 Going concern

The group and the company have prepared forecasts to 30 September 2025, and the company has obtained a letter of support from The Heico Companies LLC and from Heico Holding, Inc. confirming that they would not recall intercompany loans for at least 12 months from the date of approval of the financial statements if the company's forecasts indicated that it cannot afford repayments due, and that they will have the resources available to provide this financial support.

Based on the above, the directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the group has sufficient resources and available facilities to continue in existence for the foreseeable future, including support from the parent company. The directors have reviewed forecasts for the period of at least 12 months after the date the financial statements are signed and for this reason the directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate and do not consider that there are any material uncertainties that may cast significant doubt over the group's ability to operate as a going concern.

2.4 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:
- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group 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 group 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.4 Revenue (continued)

The business undertakes contractual work, covering the design and supply of capital equipment and related on-site services, as well as aftermarket sales of spares parts and service.

For contractual work, the fair value of revenue attributable to the supply of equipment is recognised on delivery, being the point at which the design, procurement, build, testing and shipment phases of contract have been completed. The fair value of revenue attributable to the on-site supervision of the installation and commissioning of the equipment is recognised on issue of the relevant acceptance certificate, confirming contractual obligations related to this phase of the contract have been completed.

Revenue attributable to spare part sales is recognised on delivery. Revenue attributable to the provision of services is recognised on completion.

2.5 Tangible Assets

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

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided on the following basis:

Long term leasehold property	- 10 years
Plant & machinery	- 5 to 10 years
Fixtures & fittings	- 10 years
Computer equipment	- 3 to 5 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

Assets under construction are accounted for at cost, based on the direct costs incurred to 31 December. They are not depreciated until they are brought in to use.

2. Accounting policies (continued)

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each Balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Investments

Investments in subsidiary are measured at cost less accumulated impairment.

2.8 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.9 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. Work in progress and finished goods include labour and attributable overheads.

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

2.10 Debtors

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

2.11 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2. Accounting policies (continued)

2.12 Financial instruments

The group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's Statement of Financial Position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables due within the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

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

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the group transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the group will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents and all other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'.

2.15 Finance costs

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

2.16 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 Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2. Accounting policies (continued)

2.17 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.18 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the group becomes aware of the obligation, and are measured within the Statement of Financial Position at the best estimate of 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 Statement of Financial Position.

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2. Accounting policies (continued)

2.19 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position, 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

2.20 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from three to six years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.21 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

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

Judgement - Useful economic lives and tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 2.5 for the useful economic lives for each class of assets.

Judgement - Stock provisioning
The group is engaged in the development and assembly of high-technology surface conditioning and monitoring equipment and is subject to changing consumer demands and technology developments. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of the stock and associated provision.

Estimate - Impairment of debtors
The group make an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider factors including the current credit rating of the debtor, the ageing profile and the historical experience of the debtor.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company and the group.

Analysis of turnover by country of destination:

	2023 **£**	*2022* *£*
China	**1,961,277**	*3,720,033*
India	**1,184,449**	*241,079*
North America	**3,762,110**	*1,114,678*
Turkey	**73,084**	*1,670,676*
Germany	**1,156,659**	*227,785*
Italy	**79,925**	*500,796*
Poland	**55,353**	*511,709*
United Kingdom	**256,307**	*497,336*
Rest of Europe	**228,891**	*697,705*
Rest of the world	**86,875**	*270,733*
	8,844,930	*9,452,530*

5. Other operating income

	2023 £	2022 £
Research and development expenditure tax credit	**50,491**	*60,038*

6. Operating (loss)/profit

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

	2023 £	2022 £
Depreciation of tangible fixed assets	**52,519**	*73,260*
Bad debt (credit)/expense	**(17,700)**	*16,517*
Research & development charged as an expense	**299,849**	*228,947*
(Gain)/loss on exchange differences	**(599,209)**	*1,029,934*
Operating lease rentals	**332,269**	*314,181*

7. Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor for the audit of the consolidated and parent company's financial statements	**56,091**	*32,215*
Fees payable to the company's auditor in respect of:		
Taxation compliance services	**8,811**	*8,833*
Accounts preparation services	**6,206**	*3,797*
Research and development expenditure tax credit services	**15,500**	*20,000*

8. Employees

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

	Group 2023 £	*Group 2022 £*	**Company 2023 £**	*Company 2022 £*
Wages and salaries	**3,109,010**	*3,231,691*	**2,579,068**	*2,670,062*
Social security costs	**394,140**	*438,594*	**286,906**	*324,948*
Cost of defined contribution scheme	**634,008**	*635,455*	**634,008**	*635,455*
	4,137,158	*4,305,740*	**3,499,982**	*3,630,465*

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

	Group 2023 No.	*Group 2022 No.*	**Company 2023 No.**	*Company 2022 No.*
Production	**40**	*40*	*35*	*35*
Selling	**10**	*11*	*8*	*9*
Administration	**17**	*18*	*16*	*17*
	67	*69*	*59*	*61*

9. Directors' remuneration

	2023 £	*2022 £*
Directors' emoluments	**116,430**	*148,997*
Group contributions to defined contribution pension schemes	**23,383**	*23,072*
	139,813	*172,069*

During the year retirement benefits were accruing to 1 director *(2022: 1)* in respect of defined contribution pension schemes.

The directors are also considered to be key management personnel.

Under FRS 102 Section 33.7A, the group has taken the exemption to disclose key management compensation on the basis key management personnel and directors are the same.

10. Interest receivable

	2023 £	2022 £
Other interest receivable	152	309

11. Interest payable and similar charges

	2023 £	2022 £
Interest payable	471,212	400,415
Finance leases and hire purchase contracts	1,440	3,199
	472,652	403,614

12. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on loss for the year	-	5,443
Adjustments in respect of previous periods	-	(4,600)
	-	843
Total current tax	-	843
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	843

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2022: higher than)* the standard rate of corporation tax in the UK of 23.52% *(2022: 19%)*. The differences are explained below:

	2023 **£**	*2022* *£*
Loss on ordinary activities before tax	**(2,423,905)**	*(2,906,893)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% *(2022: 19%)*	**(570,102)**	*(552,310)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**46,058**	*35,873*
Fixed asset differences	**2,551**	*1,068*
Adjustments to tax charge in respect of prior periods	**-**	*(4,600)*
Difference in China tax rate 25%	**(11,580)**	*(14,370)*
Movement in deferred tax not recognised	**530,128**	*528,851*
R&D expenditure credits	**2,945**	*6,331*
Total tax charge/(credit) for the year	**-**	*843*

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. When the Company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in corporation tax rate. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

13. Tangible fixed assets

Group

	Long term leasehold property £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2023	880,484	83,543	63,981	299,775	1,327,783
Additions	-	-	1,142	-	1,142
Disposals	-	-	(935)	-	(935)
At 31 December 2023	880,484	83,543	64,188	299,775	1,327,990
Depreciation					
At 1 January 2023	792,047	80,835	54,958	247,853	1,175,693
Charge for the year on owned assets	23,671	1,300	3,908	23,640	52,519
Disposals	-	-	(765)	-	(765)
At 31 December 2023	815,718	82,135	58,101	271,493	1,227,447
Net book value					
At 31 December 2023	64,766	1,408	6,087	28,282	100,543
At 31 December 2022	*88,437*	*2,708*	*9,023*	*51,922*	*152,090*

13. Tangible fixed assets (continued)

Company

	Long term leasehold property £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2023	**880,484**	**83,543**	**8,730**	**299,775**	**1,272,532**
At 31 December 2023	**880,484**	**83,543**	**8,730**	**299,775**	**1,272,532**
Depreciation					
At 1 January 2023	**792,047**	**80,835**	**6,620**	**247,853**	**1,127,355**
Charge for the year on owned assets	**23,671**	**1,300**	**873**	**23,640**	**49,484**
At 31 December 2023	**815,718**	**82,135**	**7,493**	**271,493**	**1,176,839**
Net book value					
At 31 December 2023	**64,766**	**1,408**	**1,237**	**28,282**	**95,693**
At 31 December 2022	*88,437*	*2,708*	*2,110*	*51,922*	*145,177*

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2023	**40,000**
At 31 December 2023	**40,000**

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Class of shares	Holding
Sarclad China Limited	Room 205, B Block, No. 2679 Hechuan Road, Minhang District, Shanghai, 201103, China	Ordinary	100%

15. Stocks

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Raw materials and consumables	**1,208,952**	*798,397*	**1,054,278**	*587,986*
Work in progress (goods to be sold)	**3,534,415**	*2,027,440*	**3,524,763**	*2,027,440*
	4,743,367	*2,825,837*	**4,579,041**	*2,615,426*

Stocks are stated after a provision for impairment of £471,363 *(2022: £455,378)*.

Work in progress as at 31 December 2023 includes £485,031 *(2022: £388,350)* in relation to contracts in the course of construction for a Russian customer. Following the establishment of sanctions by the UK government, the business is currently prohibited from proceeding with shipment of the contract to Russia. The directors remain satisfied that the value of the asset on the balance sheet is recoverable in full, either through a legally compliant resolution to the contractual arrangement or following the lifting of sanctions.

16. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	2,000,365	3,018,486	1,682,634	2,759,865
Amounts owed by group companies	37,414	6,684	37,414	6,684
Other debtors	225,071	603,402	190,352	537,291
Prepayments & accrued income	462,516	504,829	451,595	469,843
Amounts recoverable on L/T contracts	1,805,611	2,216,761	1,805,611	2,216,761
	4,530,977	6,350,162	4,167,606	5,990,444

Trade debtors are stated after provision for impairment of £27,095 *(2022: £44,795).*

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Due after more than one year				
Amounts owed by group companies	-	-	3,290,930	2,804,427
Trade debtors	22,375	1,139	-	-
	22,375	1,139	3,290,930	2,804,427

Amounts owed by related undertakings are due from Sarclad China Limited, accruing interest at a fixed rate of 6.75%.

17. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	266,306	515,080	246,020	497,049

In December 2023, Sarclad Limited entered into a cash pooling arrangement with other affiliate companies, under which cash balances are swept or replenished daily so as to maintain agreed closing account balances. Interest is chargeable/receivable on net drawings or deposits to the cash pool based on a margin above SONIA (GBP), Euribor (EURO) or US Federal Reserve (USD) rates. The pool is headed by Heico Netherlands Finance BV, an affiliate company. At the end of the period Sarclad Limited has a net balance due from Heico Netherlands Finance BV of £35,023.

18. Creditors: Amounts falling due within one year

	Group 2023 £	*Group 2022 £*	**Company 2023 £**	*Company 2022 £*
Other loans	**-**	*32,064*	**-**	*-*
Payments received on account	**629,483**	*1,190,867*	**580,116**	*1,177,411*
Trade creditors	**1,531,007**	*1,332,703*	**1,514,424**	*1,319,106*
Amounts owed to group undertakings	**6,432,870**	*1,706,035*	**6,432,870**	*1,706,035*
Other taxation and social security	**105,114**	*94,086*	**92,463**	*84,367*
Obligations under finance lease and hire purchase contracts	**4,692**	*20,398*	**4,692**	*20,398*
Accruals and deferred income	**1,111,937**	*1,072,879*	**996,981**	*1,021,458*
	9,815,103	*5,449,032*	**9,621,546**	*5,328,775*

Amounts owed to group undertakings are interest free and payable on demand are unsecured and fall due for repayment from 31 December 2023.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

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

	Group 2023 £	*Group 2022 £*	**Company 2023 £**	*Company 2022 £*
Net obligations under finance leases and hire purchase contracts	**-**	*4,692*	**-**	*4,692*
Amounts owed to group undertakings	**8,955,489**	*11,048,372*	**8,955,489**	*11,048,372*
	8,955,489	*11,053,064*	**8,955,489**	*11,053,064*

20. Financial instruments

	2023 £	2022 £
Financial assets measured at amortised cost		
Trade debtors	**2,022,740**	*3,019,625*
Amounts owed by related undertakings	**37,414**	*6,684*
Other debtors	**277,890**	*603,402*
Amounts recoverable on long term contracts	**1,805,611**	*2,216,761*
Cash at bank and in hand	**266,306**	*515,080*
	4,409,961	*6,361,552*

	2023 £	2022 £
Financial liabilities measured at amortised cost		
Trade creditors	**1,531,007**	*1,332,703*
Amounts owed to related undertakings	**15,388,359**	*12,754,407*
Other taxation & social security	**105,114**	*94,086*
Accruals and deferred income	**1,111,937**	*1,072,879*
Net obligations under finance leases and hire purchase contracts	**4,692**	*25,090*
	18,141,109	*15,279,165*

The group enters into forward foreign currency contracts to mitigate the exchange risk for certain foreign currency receivables. At 31 December 2023, there were no outstanding contracts.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP: USD and GBP: EUR.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	**4,763**	*21,838*
Between 1-5 years	**-**	*4,763*
Less: Finance charges	**(71)**	*(1,511)*
	4,692	*25,090*

22. Provisions

Group

	Warranty provision £
At 1 January 2023	6,178
Charged to profit or loss	8,297
At 31 December 2023	**14,475**

Company

	Warranty provision £
At 1 January 2023	6,178
Charged to profit or loss	8,297
At 31 December 2023	**14,475**

The warranty provision is in respect of the company's undertaking to repair or replace those items that fail to perform satisfactorily.

23. Reserves

Share premium account

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

Foreign exchange reserve

Comprises translation differences arising from the translation of financial statements of the group's foreign entity into Sterling (£).

Profit & loss account

Includes all current and prior period retained profits and losses.

24. Share capital

	2023 £	*2022 £*
Authorised, allotted, called up and fully paid		
2 *(2022: 2)* Ordinary shares of £1 each	**2**	*2*

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

25. Contingent liabilities

The company has set up guarantees to third parties in respect of advance payment, performance and warranty guarantees on machine sales given in the normal course of business. At 31 December 2023 guarantees amounted to £934,509 *(2022: £1,697,603)*. These guarantees were provided through the banking facilities of The Heico Companies LLC.

26. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £578,205 *(2022: £635,455)*. Contributions totalling £51,117 *(2022: £Nil)* were payable to the fund at the reporting date and are included in creditors.

27. Commitments under operating leases

At 31 December 2023 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Not later than 1 year	**187,881**	*253,733*	**171,796**	*253,733*
Later than 1 year and not later than 5 years	**488,558**	*489,222*	**488,558**	*489,222*
Later than 5 years	**354,667**	*466,667*	**354,667**	*466,667*
	1,031,106	*1,209,622*	**1,015,021**	*1,209,622*

28. Post balance sheet events

There are no significant events affecting the company or group post year end.

29. Related party transactions

Details of related party transactions occurring during the period are as follows:

To Sarclad North America LP, affiliate company, recharges were made of £162,337 *(2022: £142,417)* and sales were made of £1,117,249 (*2022: £1,093,715*) with £Nil debtor balance at the period end (*2022: £Nil*). Purchases were made of £83,180 (*2022: £99,813*) with a creditor balance at the period end of £1,760,771 (*2022: £1,601,810*). Interest expense for the period ended December 2023 totalled £95,765.

To Neo Industries Inc, affiliate company, recharges were received of £Nil and sales of £1,458,332 in 2023 were made (*2022: £92,881*) with £Nil debtor balance at the period end (*2022: £Nil*). No purchases were made (*2022: £Nil*) with a creditor balance at the period end of £Nil (*2022: £7,701*).

From The Heico Companies LLC, ultimate parent company, no recharges were received or purchases made (*2022: £Nil*) with a creditor balance at the period end of £2,738,742 *(2022: £2,716,074)*. Interest expense for the period ended December 2023 totalled £287,483. No sales were made (*2022: £Nil*) with £Nil debtor balance at the period end (*2022: £Nil*).

From Heico Holdings, Inc, a company with a preferred interest in The Heico Companies LLC recharges were received of £259,335 and no sales were made (*2022: £Nil*) with £Nil debtor balance at the period end (*2022: £Nil*). Purchases were made of £533,831 (*2022: £306,831*) with a creditor balance at the period end of £9,800,752 (*2022: £7,426,191*). Interest expense for the period ended 2023 totalled £86,608.

To Ancra International LLC, affiliate company, recharges were received of £139,005 and £Nil sales were made (*2022: £Nil*) with £Nil debtor balance at the period end (*2022: £Nil*). No purchases were made in the period (*2022: £Nil*) with a creditor balance at the period end of £1,088,094 (*2022: £1,002,632*).

To Wakefield Vette, affiliate company, recharges were made of £108,179 (*2022: £87,363*) with a debtor balance of £Nil at the period end (*2022: £Nil*). No purchases were made in the period (*2022: £Nil*) with a creditor balance at the period end of £Nil *(2022: £Nil)*.

To Sarclad India Private Limited, affiliate company, no sales were made *(2022: £Nil)* with a debtor balance of £Nil at the period end *(2022: £Nil)*. No purchases were made in the period *(2022: £Nil)* with a creditor balance at the period end of £Nil *(2022: £Nil)*.

To Shred Tech (UK) Limited, affiliate company, recharges were made of £31,782 *(2022: £32,188)* sales were made of £Nil *(2022: £1,500)* with a debtor balance of £2,391 at the period end *(2022: £6,684)*. No purchases were made in the period *(2022: £Nil)* with a creditor balance at the period end of £Nil *(2022: £Nil)*.

A debtor balance of £35,023 is held at the period end to Heico Netherlands Finance BV, an affiliate company, in relation to the European cash pooling arrangement in which Sarclad Limited began to participate during 2023.

The key management personnel during the year comprised the directors as disclosed per note 9.

30. *Controlling party*

Sarclad Limited's immediate parent company is Sarclad Acquisition LLC, a company incorporated in the USA.

Sarclad Limited's ultimate controlling party is The Heico Companies LLC, a company incorporated in the USA.

The largest group in which the results are consolidated is that headed by The Heico Companies LLC. The financial statements are available at 5600 Three First National Plaza, Chicago, IL 60602.

The smallest group in which the results are consolidated is that headed by Sarclad Acquisition LLC.

31. Analysis of net debt

	At 1 January 2023 £	Cash flows £	Exchange Differences £	At 31 December 2023 £
Cash at bank and in hand	515,080	(215,146)	(33,628)	266,306
Finance leases	(25,090)	20,398	-	(4,692)
	489,990	(194,748)	(33,628)	261,614