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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2023**



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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	D S Goode N Yazdani P M Sanders
<b>Company secretary</b>	John Morrison
<b>Registered number</b>	02666902
<b>Registered office</b>	10-11 Charterhouse Square London EC1M 6EE

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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## CLARENDON SPECIALTY FASTENERS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### Principal activities and future developments

The principal activity of the Company is the distribution of fastener products. It is anticipated that the principal activity of the Company will continue in the future.

#### Business review and principal risks and uncertainties

The Company is managed as part of an overall group of companies whose ultimate parent company is Diploma PLC ("the Group"). The Directors report revenue for the year ended 30 September 2023 of £37,630,000 (2022: £28,021,000) and an increase in operating profit from £3,141,000 to £6,565,000. Operating profit increased in the year as revenue increased at a higher rate than both cost of sales and operating costs. The Statement of Comprehensive Income shows profit after taxation of £5,076,000 (2022: £2,528,000). The net assets of the Company as at 30 September 2023 are £6,013,000 (2022: £6,937,000).

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately.

The continued success of the Company is the ability to identify and manage effectively the risks to the business. Accordingly, in common with the Group generally, the Company has well-defined, rigorous policies and processes designed to identify, mitigate and control risk. The primary risks that have the potential to adversely impact on the business over the next twelve months are considered to be as follows:

- Unsuccessful acquisitions: the Group may overpay for an acquired business, the acquired business may experience limited growth post-acquisition, or lose key customers or suppliers post integration. A formal due diligence process is followed for every acquisition, as well as a disciplined post-acquisition process to help mitigate this risk.
- Failure to attract, retain and develop talent: the success of the Group is built on strong, self-standing management teams, which are committed to the success of their respective operating businesses. As a result, the loss of key personnel can have an impact on performance for a limited time period. In order to mitigate this risk, the Group places very high importance on talent development, motivation and reward.
- Cyber attack: Group and operating business management depend critically on timely and reliable information from their IT systems to run their businesses and serve their customers' needs. Any disruption or denial of service may delay or impact decision making if reliable data is unavailable. The decentralised nature of the Group, including stand-alone IT systems for each business, limits the potential impact to any individual business. There is good support and back-up built into local IT systems.
- Supply chain disruption: the risk of manufacturing lead times increasing as a result of supply chain shortages or supply chain partners not operating to the same ethical standards as the Group. The Group works with our supply chain partners to help them meet our standards of acceptable working conditions, financial stability, ethics and technical competence. Our key suppliers are also asked to adhere to our Supplier Code. If they are unable to meet the standards expected then we will source product elsewhere.
- Loss of key suppliers: the risk that a key supplier revokes a supply agreement and accesses the market through a competitor or directly. The key mitigation is the value-add service we provide to our supply partners, enabling them to access markets in the most efficient and effective way.
- Climate - max legislation: the risk of increasing environmental legislation that adds cost or complexity to products and services and/or renders some products obsolete. Our Group has set net zero targets across our value chain. We expect our businesses to incorporate this into their value-add offering and see this as a competitive advantage for customers that wish to decarbonise their supply chain.
- Prolonged market downturn: adverse changes in the major markets that the businesses operate in can result in slowing revenue growth due to reduced or delayed demand for products and services, or margin pressures due to increased competition. The businesses identify key market drivers and monitor trends and forecasts, as well as maintaining close relationships with key customers, who may give an early warning of slowing demand.
- Geopolitical trade issues: geopolitical events that could disrupt the Group's operations include interruption of trade agreements, change of trade or tariff relationships between countries in which the Group operates, government budget spending and political elections. We continue to diversify our supply base and invest in product range development to mitigate exposure to any single market or region.

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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The key performance indicators which the Directors use to monitor and manage performance of the Company are revenue, operating profit, profit after tax and stocks, which are all disclosed and discussed in the business review above.

The Group manages its funding and liquidity risks on a consolidated basis, as referred to in the accounting policies. Full disclosure of the Group's financial risk management policies are set out in the consolidated financial statements of Diploma PLC for the year ended 30 September 2023, which have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The matters required to be discussed in the Business Review, which include the Group's key performance indicators, financial risk management and policies and principal risks and uncertainties, are set out in the Annual Report of Diploma PLC for the year ending 30 September 2023 on pages 41 to 48. A copy of this is available on the website at [www.diplomapl.com](http://www.diplomapl.com) or can be obtained from Diploma PLC, 10-11 Charterhouse Square, London, EC1M 6EE.

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## CLARENDON SPECIALTY FASTENERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### Going concern

At 30 September 2023, the Company had net assets of £6,013,000 (2022: £6,937,000). The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The going concern position of the Company is linked to that of the wider Group due to the cross guarantees on financing given by a number of Group companies as well as the provision of a letter of financial support from the ultimate parent company, Diploma PLC in respect of the going concern status of various Group companies.

The Group's balance sheet is strong and working capital is well controlled. On 17 July 2023, the Group entered into a new committed multi-currency revolving credit facility agreement ("RCF") with an aggregate principal amount of £555.0m. The RCF is due to expire in July 2028 with an option to extend for two further 12-month periods. The RCF replaced the Group's previous debt facility agreement which as at 30 September 2022 comprised an RCF with an aggregate principal amount of £359.7m, an amortising term loan for an aggregate principal amount of £114.2m (\$127.5m), a bullet term loan for an aggregate principal amount of £59.1m (\$66.0m) and a further bullet term loan for an aggregate principal amount of £45.3m.

Additionally, compliance with bank covenants is monitored regularly and during 2023 all bank covenant tests were complied with. The applicable financial covenants are interest cover and leverage, whereby EBITDA must be at least 4x net finance charges (as defined by the SFA); and the ratio of net debt to EBITDA must not exceed 3.5x.

The Group's debt facilities are subject to interest at variable rates. During FY22 and FY23 the Group entered into interest rate swap contracts with the effect of fixing the interest rate on \$200.0m (£163.9m) of debt. The effective fixed rate debt was 52% of total debt.

On 20 March 2024, Diploma PLC, the parent Company of the Group issued fixed term loan notes. The aggregate notional value of the loan notes is €250.0m with a mix of 7, 10 and 12 year maturities.

At 30 September 2023, the Group's Net Debt/EBITDA was 0.9x, and year end headroom was £297m on the Group's undrawn committed funds.

The Group has considerable financial resources, together with a broad spread of customers and suppliers across different geographic areas and sectors, often secured with longer term agreements. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully as described in the strategic report.

The Directors of the Company are satisfied that there are no material events or uncertainties that they are aware of which will impact the ability of the Company to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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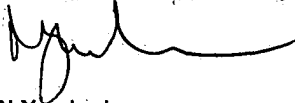
**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**Section 172**

The Directors' statement of compliance with Section 172(1), their duty to promote the success of the Company, is synonymous with the Section 172(1) statement relating to the Group, and is set out in the Annual Report of Diploma PLC on page 50. A copy of this is available on the website at [www.diplomapl.com](http://www.diplomapl.com) or can be obtained from the Group Company Secretary, Diploma PLC, 10-11 Charterhouse Square, London, EC1M 6EE.

This report was approved by the board on 21 June 2024 and signed on its behalf.



**N Yazdani**  
Director

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## CLARENDON SPECIALTY FASTENERS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

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The Directors present their report and the audited financial statements for the year ended 30 September 2023.

#### Results and dividends

The profit for the year, after taxation, amounted to £5,076,000 (2022: £2,528,000).

An interim dividend of £6,000,000 (2022: £4,000,000) was paid during the year. The Directors do not recommend a final dividend (2022: £Nil).

#### Financial risk management and future developments

Details in respect of financial risk management and future developments can be found in the Strategic Report and form part of this report by cross-reference.

#### Directors

The Directors who served during the year and up to the date of this report were:

D S Goode  
N Yazdani  
P M Sanders

#### Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

#### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

#### Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 June 2024 and signed on its behalf.



N Yazdani  
Director

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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The Directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

# Independent auditors' report to the members of Clarendon Specialty Fasteners Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Clarendon Specialty Fasteners Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 September 2023; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

### **Auditors' 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 auditors' 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and relevant UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results. Audit procedures performed by the engagement team included:

- Discussions with local and group management, including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- Identifying and testing journal entries based on our risk assessment, in particular certain journal entries posted with unusual account combinations and evaluating whether there was evidence of management bias that represents a risk of misstatement due to fraud;
- Reviewing the financial statement disclosures and testing these to supporting documentation to assess compliance with applicable laws and regulations; and
- Incorporating elements of unpredictability into the audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Emily Greybrook (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
21 June 2024

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CLARENDON SPECIALTY FASTENERS LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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	Note	2023 £000	2022 £000
Revenue	4	37,630	28,021
Cost of sales		(26,400)	(21,037)
<b>Gross profit</b>		<b>11,230</b>	<b>6,984</b>
Distribution costs		(336)	(384)
Administrative expenses		(4,329)	(3,459)
<b>Operating profit</b>	5	<b>6,565</b>	<b>3,141</b>
Interest payable and similar expenses		(34)	(32)
<b>Profit before tax</b>		<b>6,531</b>	<b>3,109</b>
Tax on profit	9	(1,455)	(581)
<b>Profit for the financial year</b>		<b>5,076</b>	<b>2,528</b>

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 13 to 29 form part of these financial statements.

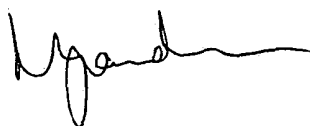
All amounts relate to continuing operations.

**CLARENDON SPECIALTY FASTENERS LIMITED**  
**REGISTERED NUMBER: 02666902**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2023**

	Note	2023 £000	2022 £000
<b>Fixed assets</b>			
Goodwill	11	3,934	3,934
Tangible assets	12	1,762	1,934
Investments	13	118	118
		<u>5,814</u>	<u>5,986</u>
<b>Current assets</b>			
Stocks	14	5,204	5,193
Debtors: amounts falling due within one year	15	6,446	4,603
Cash at bank and in hand	16	1,772	1,017
		<u>13,422</u>	<u>10,813</u>
Creditors: amounts falling due within one year	17	<u>(11,907)</u>	<u>(8,430)</u>
<b>Net current assets</b>		<b>1,515</b>	<b>2,383</b>
<b>Total assets less current liabilities</b>		<b>7,329</b>	<b>8,369</b>
Creditors: amounts falling due after more than one year	18	<u>(1,316)</u>	<u>(1,432)</u>
<b>Net assets</b>		<b>6,013</b>	<b>6,937</b>
<b>Capital and reserves</b>			
Called up share capital	21	-	-
Profit and loss account		6,013	6,937
		<u>6,013</u>	<u>6,937</u>

The financial statements on pages 10 to 29 were approved and authorised for issue by the Board and were signed on its behalf on 21 June 2024.



**N Yazdani**  
 Director

The notes on pages 13 to 29 form part of these financial statements.

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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	Called up share capital	Profit and loss account	Total shareholders' funds
	£000	£000	£000
At 1 October 2021	-	8,409	8,409
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	2,528	2,528
Dividends (note 10)	-	(4,000)	(4,000)
<b>At 30 September 2022</b>	-	6,937	6,937
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	5,076	5,076
Dividends (Note 10)	-	(6,000)	(6,000)
<b>At 30 September 2023</b>	-	6,013	6,013

The notes on pages 13 to 29 form part of these financial statements.

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## CLARENDON SPECIALTY FASTENERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 1. General information

Clarendon Specialty Fasteners Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is 10-11 Charterhouse Square, London, EC1M 6EE. The Company's financial statements are presented in UK sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. As the consolidated financial statements of Diploma PLC include the equivalent disclosures, the Company has taken advantage of certain disclosure exemptions available under FRS 101 as outlined in note 2.2.

The financial statements contain information about Clarendon Specialty Fasteners Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, Diploma PLC, a company registered in England and Wales.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all financial years presented in these financial statements.

##### New accounting standards

There were no new standards, amendments or interpretations to existing standards which have had a significant impact on the results or financial position of the Company for the year ended 30 September 2023.

##### 2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Diploma PLC as at 30 September 2023 and these financial statements are available at [www.diplomaplc.com](http://www.diplomaplc.com) or may be obtained from 10-11 Charterhouse Square, London, EC1M 6EE.

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## CLARENDON SPECIALTY FASTENERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

At 30 September 2023, the Company had net assets of £6,013,000 (2022: £6,937,000). The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The going concern position of the Company is linked to that of the wider Group due to the cross guarantees on financing given by a number of Group companies as well as the provision of a letter of financial support from the ultimate parent company, Diploma PLC in respect of the going concern status of various Group companies.

The Group's balance sheet is strong and working capital is well controlled. On 17 July 2023, the Group entered into a new committed multi-currency revolving credit facility agreement ("RCF") with an aggregate principal amount of £555.0m. The RCF is due to expire in July 2028 with an option to extend for two further 12-month periods. The RCF replaced the Group's previous debt facility agreement which as at 30 September 2022 comprised an RCF with an aggregate principal amount of £359.7m, an amortising term loan for an aggregate principal amount of £114.2m (\$127.5m), a bullet term loan for an aggregate principal amount of £59.1m (\$66.0m) and a further bullet term loan for an aggregate principal amount of £45.3m.

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At 30 September 2023, the Group's Net Debt/EBITDA was 0.9x, and year end headroom was £297m on the Group's undrawn committed funds.

The Group has considerable financial resources, together with a broad spread of customers and suppliers across different geographic areas and sectors, often secured with longer term agreements. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully as described in the strategic report.

The Directors of the Company are satisfied that there are no material events or uncertainties that they are aware of which will impact the ability of the Company to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

##### 2.4 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given and liabilities assumed.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to the profit and loss account.

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## CLARENDON SPECIALTY FASTENERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 2. Accounting policies (continued)

##### 2.5 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is UK sterling.

###### Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

##### 2.6 Leases

###### The Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before commencement date.

Lease liabilities are recorded at the present value of lease payments. Leases are discounted at the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Where leases have extension options, the lease term is considered to reflect the extension period as well as the initial period, if it is reasonably certain that the option will be exercised.

Right-of-use assets are depreciated on a straight-line basis over the lease term, or useful life if shorter.

Interest is recognised on the lease liability, resulting in a higher finance cost in the earlier years of the lease term.

Lease payments relating to low value assets (asset value of less than £10,000) or to short-term leases are recognised as an expense on a straight-line basis over the lease term. Short-term leases are those with 12 months or less duration.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

##### 2.7 Pension costs

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 payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

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## CLARENDON SPECIALTY FASTENERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 2. Accounting policies (continued)

##### 2.8 Current and deferred taxation

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

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

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

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

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

##### 2.9 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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery	- 20%, ROU asset - life of lease
Motor vehicles	- ROU asset - life of lease
Fixtures and fittings	- 14% - 33%, ROU asset - life of lease
Leasehold property	- ROU asset - life of lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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## CLARENDON SPECIALTY FASTENERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 2. Accounting policies (continued)

##### 2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments are reviewed for indicators of impairment annually.

Other tangibles and intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be reasonable. Impairment losses and any subsequent reversals are recognised in the Statement of Comprehensive Income.

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

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

##### 2.12 Debtors

Debtors and other receivables, including amounts owed by group undertakings, 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.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortized cost using the effective interest method.

The Company applies a simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the historical loss rates of the Company and these historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

##### 2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

##### 2.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 2.15 Cost of sales

Costs directly attributable to the sales of goods are recognised within cost of sales.

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**2. Accounting policies (continued)**

**2.16 Cash**

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.

Bank overdrafts are reflected in creditors due within one year.

**2.17 Share capital**

Ordinary shares are classified as equity.

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

The application of the Company's accounting policies requires the use of management judgement and estimation, which often involves assumptions regarding future events which can vary from what is anticipated. The preparation of the Company's financial statements does not require management to make any critical accounting judgements, assumptions or estimates with regard to assets or liabilities that could potentially have a material adjustment to the carrying amount of assets or liabilities in the next 12 months.

Management consider that the estimation required for inventory provisioning is a critical estimate. Inventories are stated at the lower of cost and net realisable value. In the course of normal trading activities, estimates are used to establish the net realisable value of inventory and impairment charges are made for obsolete or slow-moving inventories and against excess inventories. The decision to make an impairment charge is based on a number of factors including management's assessment of the current trading environment, aged profiles and historical usage and other matters which are relevant at the time the financial statements are approved.

There are no other critical accounting judgements, assumptions or estimates that could potentially have a material adjustment to the carrying amount of assets or liabilities in the next 12 months.

The Directors believe that the financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Company's performance and financial position.

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**4. Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised when control of the goods has been transferred to the customer, which is usually upon dispatch, or in line with terms agreed with individual customers and when the amount of revenue and costs incurred can be measured reliably. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is attributable to one principal activity of the Company.

Analysis of revenue by country of destination:

	2023 £000	2022 £000
United Kingdom	19,592	15,668
Rest of Europe	11,172	7,203
Rest of the world	6,866	5,150
	<u>37,630</u>	<u>28,021</u>

Timing of revenue recognition:

	2023 £000	2022 £000
Goods and services transferred at a point in time	37,630	28,021
	<u>37,630</u>	<u>28,021</u>

There is no accrued income ("contract assets") or deferred invoice ("contract liabilities") included in debtors: amounts falling due within one year (note 15) and creditors: amounts falling due within one year (note 17), respectively (2022: £Nil).

**5. Operating profit**

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

	2023 £000	2022 £000
Depreciation of tangible fixed assets	325	326
Exchange differences	7	(56)
Defined contribution pension cost	167	149
	<u>500</u>	<u>420</u>

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**6. Auditors' remuneration**

During the year, the Company obtained the following services from the Company's auditors:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditors for the audit of the Company's financial statements	<b>53</b>	<b>47</b>

There were no fees payable for non-audit services (2022: £nil).

**7. Employees**

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>4,161</b>	<b>3,909</b>
Social security costs	<b>355</b>	<b>318</b>
Other pension costs	<b>167</b>	<b>149</b>
	<b>4,683</b>	<b>4,376</b>

Staff costs are apportioned between cost of sales, distribution costs, and administrative costs depending on the nature of the employee (2022: same).

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Sales	<b>30</b>	<b>23</b>
Operations	<b>50</b>	<b>56</b>
Administration	<b>13</b>	<b>10</b>
	<b>93</b>	<b>89</b>

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**8. Directors' remuneration**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	310	143
Directors' pensions costs - defined contribution	13	6
	<b>323</b>	<b>149</b>
	<b>323</b>	<b>149</b>

During the year retirement benefits were accruing to one Director (2022 - one) in respect of defined contribution pension schemes.

One Director received emoluments during the year in respect of their services to the Company (2022: One). The other Directors were remunerated by another Group company and their remuneration is wholly disclosed in the financial statements of that company, not being separately allocable to the Company.

**9. Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	1,505	593
Adjustments in respect of previous periods	(37)	-
	<b>1,468</b>	<b>593</b>
	<b>1,468</b>	<b>593</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1)	(12)
Adjustments in respect of previous periods	(12)	-
	<b>(13)</b>	<b>(12)</b>
	<b>(13)</b>	<b>(12)</b>
<b>Tax on profit</b>	<b>1,455</b>	<b>581</b>
	<b>1,455</b>	<b>581</b>

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CLARENDON SPECIALTY FASTENERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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9. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 22% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	6,531	3,109
Profit before tax multiplied by standard rate of corporation tax in the UK of 22% (2022 - 19%)	1,437	591
<b>Effects of:</b>		
Adjustment in respect of previous periods	(49)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	68	-
Origination and reversal of timing differences leading to a decrease in taxation	(1)	(10)
<b>Total tax charge for the year</b>	<b>1,455</b>	<b>581</b>

**Factors that may affect future tax charges**

The rate of corporation tax was raised to 25% from 1 April 2023, as enacted by the Finance Act 2021. Profits earned in financial year 2024 will be subject to taxation at a rate of 25%.

10. Dividends

	2023 £000	2022 £000
<b>Ordinary</b>		
Dividends	6,000	4,000

Dividends of £60,000 per ordinary share (2022: £40,000) were paid during the year.

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CLARENDON SPECIALTY FASTENERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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11. Goodwill

	2023 £000
<b>Cost and net book value</b>	
At 1 October 2022 and 30 September 2023	<u>3,934</u>

Goodwill is tested for impairment annually. The impairment test requires a "value in use" valuation to be prepared using discounted cash flow forecasts. The cash flow forecasts are based on a combination of annual budget and the Company's strategic plan which is aligned with that of the Group. Beyond five years, cash flow projections utilise a perpetuity growth rate of 2% (2022: 2%). The cash flow forecasts are discounted using a single market derived pre-tax discount rate of ca. 13% (2022: 14%).

The key assumptions used to prepare the cash flow forecasts relate to gross margins, revenue growth rates and the discount rate. The gross margins are assumed to remain sustainable, which is supported by historical experience; revenue growth rates generally approximate to the long term average rates for the markets in which the business operates. The annual growth rate used in the cash flow forecast for the next five years represents the budgeted rates for 2024 and thereafter, average growth rates; these annual growth rates then reduce to 2% over the longer term.

Based on the criteria set out above, no impairment in the value of goodwill was identified.

**CLARENDON SPECIALTY FASTENERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**12. Tangible fixed assets**

	Leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
<b>Cost</b>					
At 1 October 2022	2,142	306	64	736	3,248
Additions	38	8	26	81	153
At 30 September 2023	<u>2,180</u>	<u>314</u>	<u>90</u>	<u>817</u>	<u>3,401</u>
<b>Depreciation</b>					
At 1 October 2022	464	188	59	603	1,314
Charge for the year on owned assets	-	38	-	40	78
Charge for the year on <i>right-of- use</i> assets	190	11	15	31	247
At 30 September 2023	<u>654</u>	<u>237</u>	<u>74</u>	<u>674</u>	<u>1,639</u>
<b>Net book value</b>					
At 30 September 2023	<u>1,526</u>	<u>77</u>	<u>16</u>	<u>143</u>	<u>1,762</u>
At 30 September 2022	<u>1,678</u>	<u>118</u>	<u>5</u>	<u>133</u>	<u>1,934</u>

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2023 £000	2022 £000
Tangible fixed assets owned	121	161
Right-of-use tangible fixed assets	1,641	1,773
	<u>1,762</u>	<u>1,934</u>

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**12. Tangible fixed assets (continued)**

Information about right-of-use assets is summarised below:

**Net book value**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Property	1,526	1,678
Plant and machinery	21	32
Motor vehicles	16	5
Office and computer equipment	78	58
	<u>1,641</u>	<u>1,773</u>

**Additions to right-of-use assets**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Additions to right-of-use assets	<u>115</u>	<u>85</u>

**13. Investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost and net book value</b>	
At 1 October 2022	118
At 30 September 2023	<u>118</u>

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**13. Investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Specialty Fasteners Limited	*	Ordinary	100%
Clarendon Specialty Fasteners (Asia) Limited	~	Ordinary	100%

\* Registered office address: 10-11 Charterhouse Square, London, EC1M 6EE, UK.

~ No 2/3, Bangna Tower A, 17th Floor, Unit 1706, Mu 14, Debaratana Road, Bang Kaeo Sub-district, Bang Phil District, Samut Prakan Province, 10540 Thailand

The carrying value of investment is supported by the underlying assets. The above subsidiary undertakings are all direct.

In addition to the above subsidiary undertakings the Company operates an overseas sales office in Italy.

Amfast Limited, Clarendon Engineering Supplies Limited, Speciality Fasteners and Components Limited and Specialty Fasteners Limited were dissolved during the period.

**14. Stocks**

	2023 £000	2022 £000
Finished goods and goods for resale	5,204	5,193
	<u>5,204</u>	<u>5,193</u>

Stock is stated net of impairment provision of £1,912,000 (2022: £1,887,000). The amount charged against profit in the year was £170,000 (2022: £561,000).

**15. Debtors: amounts falling due within one year**

	2023 £000	2022 £000
Trade debtors	4,707	3,651
Amounts owed by group undertakings	1,408	700
Other debtors	95	61
Prepayments and accrued income	158	147
Corporation tax recoverable	21	-
Deferred taxation	57	44
	<u>6,446</u>	<u>4,603</u>

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**15. Debtors: amounts falling due within one year (continued)**

All amounts due from fellow subsidiary undertakings due within one year are unsecured, are repayable on demand and are non-interest bearing (2022: Same).

Trade debtors are stated net of an impairment loss allowance of £60,000 (2022: £25,000). The expected credit loss on intercompany receivables as at 30 September 2023 is immaterial and thus no separate ECL is recognised.

**16. Cash at bank and in hand**

	2023 £000	2022 £000
Cash at bank and in hand	1,772	1,017
	<u>1,772</u>	<u>1,017</u>

**17. Creditors: Amounts falling due within one year**

	2023 £000	2022 £000
Trade creditors	3,941	3,274
Amounts owed to group undertakings	5,536	3,324
Corporation tax	378	16
Other taxation and social security	511	334
Lease liabilities	209	191
Other creditors	80	95
Accruals	1,252	1,196
	<u>11,907</u>	<u>8,430</u>

All amounts due to fellow subsidiary undertakings within one year, are unsecured, are repayable on demand and are non-interest bearing (2022: Same).

**18. Creditors: Amounts falling due after more than one year**

	2023 £000	2022 £000
Lease liabilities	1,316	1,432
	<u>1,316</u>	<u>1,432</u>

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**19. Deferred taxation**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	44	32
Credited to profit or loss	13	12
<b>At 30 September 2023</b>	<b>57</b>	<b>44</b>

The deferred tax asset is made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Capital allowances in excess of depreciation	(14)	(4)
Other short term timing differences	71	48
	<b>57</b>	<b>44</b>

The deferred tax asset is recognised on the basis of an expectation of sufficient future profits in the short term against which the future reversal of the timing difference may be deducted.

**20. Leases**

**Company as a lessee**

The Company leases various offices, warehouses, equipment and motor vehicles. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Total cash payments in respect of leases qualifying for IFRS 16 were £242,900 (2022: £221,000).

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Interest expense on lease liabilities	34	32
Depreciation on right-of-use assets	247	230
Expenses relating to leases not qualifying for IFRS 16	11	8

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**CLARENDON SPECIALTY FASTENERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**21. Share capital**

	2023 £	2022 £
<b>Authorised, allotted, called up and fully paid</b>		
100 (2022: 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

**22. Contingent liabilities**

The Company, along with certain other companies in the Group, has given a guarantee in respect of bank borrowing facilities (the "SFA") of other Group companies comprising of a 5 year committed multi-currency revolving facility for an aggregate principal amount of £555.0m. As at 30 September 2023, the Group has utilised £320.9m of the revolving facility. There remains £234.1m undrawn on the revolving facility.

**23. Controlling party**

The immediate parent undertaking is Diploma UK Holdings Limited (formerly Pride Limited).

The Company's ultimate parent undertaking and ultimate controlling party is Diploma PLC, a company incorporated in United Kingdom and registered in England and Wales, which is the smallest and largest group into which the results of Clarendon Specialty Fasteners Limited are consolidated. Copies of the Group's financial statements are available from the Group Company Secretary, Diploma PLC, 10-11 Charterhouse Square, London, EC1M 6EE.