

**STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
NORBAR TORQUE TOOLS LTD**

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for the year ended 31 December 2022**

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NORBAR TORQUE TOOLS LTD

COMPANY INFORMATION
for the year ended 31 December 2022

DIRECTORS:

N A Brodey
R Miller
J M Arregui Saez
J L Reynertson

SECRETARY:

C L Rohll

REGISTERED OFFICE:

Wildmere Road
Banbury
Oxfordshire
OX16 3JU

REGISTERED NUMBER:

00380480 (England and Wales)

AUDITORS:

Luckmans Duckett Parker Limited
Chartered Accountants
Statutory Auditors
1110 Elliott Court
Herald Avenue
Coventry Business Park
Coventry
West Midlands
CV5 6UB

STRATEGIC REPORT
for the year ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

The company's range of products is focused on the torque tool market (torque tools and measuring instruments) and ultrasonic equipment measuring bolt tension. To some extent the company's prosperity is related to the amount of activity in engineering sectors around the world and any change in the level of activity of those sectors is likely to affect results. The company continues to focus on six main industrial sectors or "critical industries" - oil and gas, mining and refining, power generation, transportation, general manufacturing and aerospace. Norbar has enjoyed continued rapid growth in both revenue and profits since the Pandemic. This speaks to the resilience and power of the Snap-on Value Creation Model employed at Norbar.

The company continues to have four different routes to market as follows:

- 1) Distribution through Norbar companies including those in the USA, China, India and Australia;
- 2) Distribution through global Snap-on family companies;
- 3) Independent distributors of tools and torque products; and
- 4) Catalogue companies selling a wide range of tools, some of which are labelled with the customers' brand.

This multi-tiered approach to market serves the company well however, like all things, it is subject to ongoing review to see if the model needs changing in any particular region or industrial sector. The impact of internet sales is becoming increasingly apparent with both advantages in terms of reaching a wider customer base and disadvantages in the disruptive effect it has on existing supply chains. This may lead to changes to the distribution model in future. The very broad nature of the company's distribution, not just in geographic market terms, but also industrial markets, means that to some extent the company is protected from any specific country risk or industrial sector risk.

During 2022 the company accelerated its "rapid continuous improvement" or RCI activity. These activities are aimed at eliminating waste in processes or products. RCI helped the company to increase its production in line with demand leading to the highest quarterly turnover in the company's history in the second half of 2022. RCI is a unique way to engage employees at all levels by teaching them how to recognise waste within their operation or function and empowering them with the tools and resources necessary to eliminate that waste. These RCI events help to offset many of the inflationary pressures being experienced in the UK and globally. More continuous improvement initiatives are planned for 2023..

The key financial highlights are as follows:

	2020 (£)	2021 (£)	2022 (£)
Turnover	30,445,515	32,606,040	37,546,507
Turnover Growth	-8.9%	7.1%	15.15%
Gross Profit Margin	37.1%	36.1%	36.5%
Profit before tax	2,454,646	2,385,773	3,319,909

In 2022 the company continued to invest heavily in new products and realised significant new product launches. The most notable were the development of subsea gearboxes for Gas fields and extensions of our TrueCheck2 electronic torque measurement offerings. Other research and development work carried out in 2022 will lead to exciting new product launches in 2023 which will help to boost performance further in terms of turnover and profit.

The number of employees increased during 2022 relative to 2021 in response to rising demand for Norbar products. Norbar maintained its skilled workforce throughout the pandemic whilst remaining profitable, enabling the company to emerge from the pandemic from a position of relative strength.

Overall 2022 was an encouraging year with the highest level of revenue ever for Norbar. As we navigate the inflationary pressures of 2022 and into 2023, we are encouraged that our value creation processes will help to navigate any business condition that comes our way.

**STRATEGIC REPORT
for the year ended 31 December 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

In common with all trading businesses, the company is exposed to a variety of risks in the conduct of its normal business operations. The company maintains a range of insurance policies against major identified insurable risks including (but not limited to) those related to business interruption, damage to property and equipment, product and employee liability. While it is not possible to completely record or quantify every material risk, below is summary of those risks that the directors believe are significant to the company's business:

Operational and commercial risks

The company's revenues are principally derived from the sales of torque tightening and measuring tools and instruments. The markets for these products (and therefore revenues) are subject to variations in patterns of demand and economic growth. The wide range of markets and geographic territories serviced by the group mitigates this risk, although exposure to the oil and gas industries means that the cyclic nature of these industries can have an effect on the company's revenue. Norbar also serves transportation and manufacturing industries which, collectively with oil and gas, diversify the company's business broadly.

Market competition

Competition within the torque tool industry remains steady with competitors at both the high quality and lower quality/lower price ends of the market. However, the critical and essential nature of torque product, and Norbar's reputation for offering robust, long lasting solutions give the company some ability to ask for price in the marketplace. The company will continue to develop and sell high quality products and the directors believe that in this market it remains competitive. The company is also investing in registered intellectual property protection to help mitigate this risk.

Foreign exchange risk

The company continues to sell mainly in pounds and so the inflationary environment in the UK provides a currency risk. However, currency risk is now mitigated through hedging. The company's strategy is to focus on continuous improvement and increasing its efficiency to help counteract the impact of increased prices and salaries.

Suppliers

Norbar believes in the vision of becoming the business partner of choice for customers and suppliers alike. Although the company takes care to ensure alternative sources of supply are available for goods on which the company's business is critically dependent, this is not always possible. The company follows a policy of local supply where possible and has strong relationships with its key suppliers. Norbar continually looks to re-shore or near-shore the supply of some components which are currently sourced from far-flung places. In addition, the company is leveraging the greater buying power of its parent company to help source goods at a better price. Despite a very trying 2022 for both inflation and delivery from key suppliers, Norbar was able to continue to increase in both revenue and profitability, throughout the year.

IT and systems reliability

The company is dependent on its information technology systems to operate its business efficiently, without failure or interruption. While data within key systems is regularly backed up and the system is subject to virus and fire wall protection, any failure of back-up systems or other major interruption to the information technology system could have a disruptive effect on the company's business.

Skilled employees

In order to remain competitive, the company needs to remain at the forefront of the development of new products. To do this it needs to be able to recruit and retain suitably skilled employees, particularly engineers and skilled CNC machine operators. The company is working closely with local schools and universities to promote engineering as a career and to attract suitably skilled individuals to the company at all levels including apprenticeships.

**STRATEGIC REPORT
for the year ended 31 December 2022**

Political change

The company sells worldwide including into regions that are politically unstable and sales can be impacted by sanctions or other export controls that may be imposed by the UK government. An increasing move towards protectionism in major markets can affect the business. The company continues to investigate the possibility of local assembly in some markets or regions to counteract this risk. The invasion of Ukraine in 2022, has increased difficulties in supply and inflationary pressure throughout the supply chain.

Brexit and Trade

Norbar has robust plans in place to adapt to the UK's evolving trade status on the world stage post-Brexit. While some delay in imports and exports is likely, these delays are temporary as new logistics procedures are adopted at home and abroad. Additionally, it is unclear what benefits any free trade agreements may yield.

Coronavirus Pandemic

The end of the pandemic in Europe and Most of the World affected industries served by Norbar increasing demand for Norbar products. The enhanced demand coupled with a strong labour market has led to increased backlog, lead times and component supply restrictions, which has been mitigated by our operations team through purchasing at increased costs. However, these costs have been offset through productivity improvements and when necessary price rise.

Norbar's steady supply of torque products and services are necessary to maintain safe operation of oil and gas production, the production of electricity, mining, manufacturing and the mobility of fleets of ground, air and sea transport - all of which are critical industries in every corner of the globe.

SECTION 172(1) STATEMENT

As with many organisations in the 2021 financial year, objectives were required to be recast in the light of the Coronavirus pandemic. Using the company's hierarchy of Safety, Quality, Delivery and Cost, we invested significantly in the health and safety of our employees, following government guidelines and delivering a robust regime that prevented 'employee to employee' transmission of the virus throughout the year. We maintained production for all but one week, so supporting our customers, some of whom are in essential services as well as protecting the income and wellbeing of our people. We continued engagement with our customers and suppliers through virtual means, recognising that their long-term success is essential to our long-term success. The step change in travel reduced our carbon footprint and we took lessons from that, with an increased scrutiny of travel as restrictions were relaxed. Our standing in the community and in our supply chain was enhanced, with the visitors who did enter our building stating that we had the best measures they had seen.

ENGAGEMENT WITH EMPLOYEES

Norbar's parent company, Snap-on Inc., expresses a vision of being an employer of choice, a brand of choice and a business partner of choice.

Norbar maintains open and frequent dialogue with employees of all levels. Specifically, directors meet with employees monthly by holding an Employee Council where all departments and shifts are represented. The Employees' Council (EC) allows all employees to participate in the decisions that help us achieve our mission and vision. Additionally, Norbar offers all employees a profit-sharing scheme so that everyone can benefit from the company's financial success.

STRATEGIC REPORT
for the year ended 31 December 2022

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Through our sales forces and distributors, we make daily contacts with thousands of professionals in their workplaces across the globe. Each of these contacts represents an opportunity to understand in depth our customers' wants and needs, which we believe provides us with an important strategic advantage.

Guided by our core beliefs and values, Snap-on's and Norbar's commitments to integrity and social responsibility extend to its worldwide supply base.

ON ORDER OF THE BOARD:

N A Brodey - Director

25 July 2023

**REPORT OF THE DIRECTORS
for the year ended 31 December 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

RESEARCH AND DEVELOPMENT

The company continues with its research and development activities. The purpose of this is to develop new concepts to improve the technology used in torque tools and to continue to bring new products to market to enable the company to maintain its product range as being a worldwide market leading torque tool manufacturer.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

N A Brodey
R Miller
J M Arregui Saez

Other changes in directors holding office are as follows:

A R Lobo - resigned 18 August 2022
J L Reynertson - appointed 29 August 2022

EMPLOYEES

The company shares information with employees through cascade briefings or "Team Briefs". The directors continue to meet regularly with the senior managers to discuss the core aspects of the business and to consider trading trends and marketing policies that are applicable to an ever-changing global sales environment.

The company has monthly gatherings to communicate general news and has an elected representative body which complies with the European Information and Consultation Directive requirements.

DISABLED EMPLOYEES

The company has policies and procedures in place to encourage employees with disabilities. Managers receive education in the requirements of the Disability Discrimination Act 1995 and the Equality Act 2010.

To remove any possible discrimination our application form for recruitment does not ask if a potential applicant has a disability. After selection of candidates, in our invite, for interview letter we ask what reasonable adjustments can be made to enable that applicant to attend.

We work closely with our Occupational Health team to make the necessary reasonable adjustments for those who become disabled to allow them to continue to carry out their job roles.

Our Equal Opportunities policy commits that we treat all our employees equally for recruitment, selection, training and development and promotion.

STREAMLINED ENERGY AND CARBON REPORTING

Norbar is committed to the reduction of its carbon footprint and has had an ISO50001 registered Energy Management System since 2015. This means Norbar has been monitoring its energy use since that date and has been actively looking to introduce energy saving measures. In 2015 Norbar installed a solar array on the roof of its factory and in July 2022 it installed a second, larger scheme. Together these arrays are predicted to generate approximately 25% of Norbar's electricity needs.

**REPORT OF THE DIRECTORS
for the year ended 31 December 2022**

The figures shown below are for Norbar's energy consumption in financial year 2022 in kWh including purchased electricity, electricity generated by the solar arrays and car fuel usage. Norbar does not have a gas supply. The related carbon footprint, measured in CO2e metric tonnes, for purchased electricity and car fuel usage has been calculated using the UK Government conversion factors for company reporting of greenhouse gas emissions. This figure has been used to generate the intensity ratio by dividing it by the total sales for 2022. The total emission savings from the solar array generation have been calculated using the same UK Government factors and have not been included in the intensity ratio calculation. The comparison figures for 2021 have also been provided.

For the year ended	31.12.22	31.12.21
Energy consumption (purchased electricity) plus car fuel usage (kWh)	2603565	2655372
Electricity consumption (generated by solar array) (kWh)	316171	180873
Total gross emissions (purchased electricity plus car fuel usage) (CO2e metric tonnes)	512.3	620.75
Total emission savings from solar array generation (CO2e metric tonnes)	79.4	45.4
Sales (£million)	37.1	32.2
Intensity ratio Tonnes CO2e per £1 million sales	13.8	19.3

For the financial year ending 31 December 2022 the measures taken by Norbar to reduce its energy consumption and carbon footprint included installing a second roof mounted solar array and continuing to move its vehicle fleet from mainly petrol/diesel powered vehicles to electrically powered vehicles. Norbar is currently investigating the possibility of installing a third and final solar scheme in 2023.

DISCLOSURE IN THE STRATEGIC REPORT

Reports for Engagement with Employees and Engagement with Suppliers, Customers and Others are included in the Strategic Report

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the 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 Financial Reporting Standard 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 of the company and of the profit or loss of the company 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;
- state whether applicable accounting standards 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS
for the year ended 31 December 2022**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON ORDER OF THE BOARD:

N A Brodey - Director

25 July 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NORBAR TORQUE TOOLS LTD

Opinion

We have audited the financial statements of Norbar Torque Tools Ltd (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NORBAR TORQUE TOOLS LTD

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 Statement of Directors' Responsibilities set out on page seven, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NORBAR TORQUE TOOLS LTD

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- reference to past history and experience of the Entity,
- enquiry of management, including obtaining and reviewing supporting documentation concerning the Entity's procedures relating to:
 - identifying and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detection and response to risk of fraud and whether they were aware of any actual or suspected instances of fraud.
- assessment of the controls and processes that the Entity has in place to mitigate risk

Our assessments included the identification of the following potential areas for fraud:

- Management override of control;
- Revenue recognition, particularly in respect of delivery of goods

We design audit procedures by tailored and directed testing to aid and support the level of determined level of risk. In response to the assessed risk we plan audit tests and procedures that target specific areas where misstatement may occur. These procedures and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements
- We reviewed the Entity's accounting policies for non-compliance with relevant standards.
- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations

In performing an audit in accordance with UK GAAP, we exercise professional judgement and maintain professional scepticism throughout the audit process.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion or override of internal controls. There are inherent limitations in the audit procedures performed.

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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NORBAR TORQUE TOOLS LTD**

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 a Report of the Auditors 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.

Mark Spafford FCCA ACA (Senior Statutory Auditor)
for and on behalf of Luckmans Duckett Parker Limited
Chartered Accountants
Statutory Auditors
1110 Elliott Court
Herald Avenue
Coventry Business Park
Coventry
West Midlands
CV5 6UB

26 July 2023

**STATEMENT OF COMPREHENSIVE
INCOME**
for the year ended 31 December 2022

	Notes	2022 £	2021 £
TURNOVER	3	37,546,507	32,606,040
Cost of sales		<u>23,839,334</u>	<u>20,844,115</u>
GROSS PROFIT		13,707,173	11,761,925
Administrative expenses		<u>10,578,553</u>	<u>9,700,816</u>
		3,128,620	2,061,109
Other operating income		<u>230,645</u>	<u>324,664</u>
OPERATING PROFIT	5	3,359,265	2,385,773
Interest receivable and similar income		<u>120,547</u>	<u>-</u>
		3,479,812	2,385,773
Interest payable and similar expenses	6	<u>2,551</u>	<u>-</u>
PROFIT BEFORE TAXATION		3,477,261	2,385,773
Tax on profit	7	<u>466,569</u>	<u>688,981</u>
PROFIT FOR THE FINANCIAL YEAR		3,010,692	1,696,792
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,010,692</u>	<u>1,696,792</u>

The notes form part of these financial statements

NORBAR TORQUE TOOLS LTD (REGISTERED NUMBER: 00380480)

BALANCE SHEET
31 December 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Intangible assets	8		42,348		25,439
Tangible assets	9		<u>8,728,734</u>		<u>8,998,505</u>
			8,771,082		9,023,944
CURRENT ASSETS					
Stocks	10	9,289,497		5,610,849	
Debtors	11	15,894,751		15,432,226	
Cash at bank		<u>430,729</u>		<u>322,356</u>	
		25,614,977		21,365,431	
CREDITORS					
Amounts falling due within one year	12	<u>4,947,277</u>		<u>4,042,824</u>	
NET CURRENT ASSETS			<u>20,667,700</u>		<u>17,322,607</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			29,438,782		26,346,551
PROVISIONS FOR LIABILITIES	15		<u>1,139,624</u>		<u>1,058,086</u>
NET ASSETS			<u>28,299,158</u>		<u>25,288,465</u>
CAPITAL AND RESERVES					
Called up share capital	16		62,770		62,770
Retained earnings	17		<u>28,236,388</u>		<u>25,225,695</u>
SHAREHOLDERS' FUNDS			<u>28,299,158</u>		<u>25,288,465</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 July 2023 and were signed on its behalf by:

N A Brodey - Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	62,770	23,528,903	23,591,673
Changes in equity			
Total comprehensive income	-	1,696,792	1,696,792
Balance at 31 December 2021	<u>62,770</u>	<u>25,225,695</u>	<u>25,288,465</u>
Changes in equity			
Total comprehensive income	-	3,010,692	3,010,692
Balance at 31 December 2022	<u>62,770</u>	<u>28,236,387</u>	<u>28,299,157</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022**

1. STATUTORY INFORMATION

Norbar Torque Tools Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover

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

Turnover from the sale of goods are recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is either on an ex-works basis for international sales or a CIP basis for domestic sales.

Intellectual property

Amortisation is provided to write off intellectual property over its estimated useful life of 5 years from the acquisition date of the intellectual property.

Computer software

Amortisation is provided to write off computer software over its estimated useful life of 5 years from when the asset comes into use by the company.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 4% on cost
Plant and machinery	- Over 10 years
Fixtures and fittings	- Straight line over 15 years
Motor vehicles	- 25% on reducing balance

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Stocks are valued on a First In First Out basis using a standard costing pricing model.

Stock recognised in cost of sales during the year as an expense was £NIL.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Government grants

Revenue grants are charged to the profit and loss account when the expenditure is incurred. Capital grants are deducted from the acquisition cost of fixed assets acquired under the terms of the grant.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Changes in accounting estimates
Bad Debt Provision

Bad debts are assessed according to how long the customer is over their terms by:

100% for customers with known trading issues
90%- 180 days or more over their terms
50% - between 121-179 days over their terms
20% - between 90-120 days over their terms

Stock Provision

Stock provision is assessed on usage over the past 12 months compared to the relative stock holdings,

Quantity over 12 mths usage - 5%
Quantity over 24 mths usage - 20%
Quantity over 36 mths usage - 30%
No usage in last 12 mths - 100%

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2022 £	2021 £
United Kingdom	9,330,297	7,697,138
Overseas	28,216,210	24,908,902
	<u>37,546,507</u>	<u>32,606,040</u>

4. EMPLOYEES AND DIRECTORS

	2022 £	2021 £
Wages and salaries	13,100,667	12,109,405
Social security costs	1,299,537	1,132,291
Other pension costs	723,347	650,779
	<u>15,123,551</u>	<u>13,892,475</u>

The average number of employees during the year was as follows:

	2022	2021
Production	249	225
Management and administration	81	88
	<u>330</u>	<u>313</u>

	2022 £	2021 £
Directors' remuneration	<u>173,924</u>	<u>173,014</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

5. OPERATING PROFIT

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

	2022	2021
	£	£
Depreciation - owned assets	848,645	874,250
Loss on disposal of fixed assets	45,205	-
Computer software amortisation	36,441	66,075
Auditors' remuneration	20,475	19,500
Foreign exchange differences	<u>(14,280)</u>	<u>3,648</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	<u>2,551</u>	<u>-</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	357,179	415,417
Research & Developments Expenditure Credit	<u>27,852</u>	<u>-</u>
Total current tax	<u>385,031</u>	<u>415,417</u>
Deferred tax:		
Deferred tax provision movement	81,538	25,820
Effect of change of tax rate	<u>-</u>	<u>247,744</u>
Total deferred tax	<u>81,538</u>	<u>273,564</u>
Tax on profit	<u>466,569</u>	<u>688,981</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>3,477,261</u>	<u>2,385,773</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	660,680	453,297
Effects of:		
Expenses not deductible for tax purposes	1,490	662
Capital allowances in excess of depreciation	(194,836)	(12,722)
Adjustments to tax charge in respect of previous periods expenditure credit	(765)	-
Change in tax rate for deferred taxation	-	247,744
Total tax charge	<u>466,569</u>	<u>688,981</u>

8. INTANGIBLE FIXED ASSETS

	Intellectual property £	Computer software £	Totals £
COST			
At 1 January 2022	60,500	437,068	497,568
Additions	-	53,350	53,350
Disposals	-	(43,625)	(43,625)
At 31 December 2022	<u>60,500</u>	<u>446,793</u>	<u>507,293</u>
AMORTISATION			
At 1 January 2022	60,500	411,629	472,129
Amortisation for year	-	36,441	36,441
Eliminated on disposal	-	(43,625)	(43,625)
At 31 December 2022	<u>60,500</u>	<u>404,445</u>	<u>464,945</u>
NET BOOK VALUE			
At 31 December 2022	<u>-</u>	<u>42,348</u>	<u>42,348</u>
At 31 December 2021	<u>-</u>	<u>25,439</u>	<u>25,439</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

9. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2022	3,292,920	12,847,971	462,251
Additions	-	1,369,976	-
Disposals	-	(102,234)	-
New assets under construction	-	678,207	-
Completed assets	-	(1,431,329)	-
At 31 December 2022	3,292,920	13,362,591	462,251
DEPRECIATION			
At 1 January 2022	1,003,202	6,192,250	409,694
Charge for year	146,905	695,092	3,888
Eliminated on disposal	-	(56,251)	-
At 31 December 2022	1,150,107	6,831,091	413,582
NET BOOK VALUE			
At 31 December 2022	2,142,813	6,531,500	48,669
At 31 December 2021	2,289,718	6,655,721	52,557

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2022	37,964	24,125	16,665,231
Additions	-	8,003	1,377,979
Disposals	-	(24,125)	(126,359)
New assets under construction	-	-	678,207
Completed assets	-	-	(1,431,329)
At 31 December 2022	37,964	8,003	17,163,729
DEPRECIATION			
At 1 January 2022	37,964	23,616	7,666,726
Charge for year	-	2,760	848,645
Eliminated on disposal	-	(24,125)	(80,376)
At 31 December 2022	37,964	2,251	8,434,995
NET BOOK VALUE			
At 31 December 2022	-	5,752	8,728,734
At 31 December 2021	-	509	8,998,505

There were new assets under construction in the year totalling £678,207 (2021: £760,918). Assets totalling £1,431,329 were completed during the year (2021: £NIL).

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

10. **STOCKS**

	2022	2021
	£	£
Raw materials and loose tools	348,074	248,073
Work-in-progress	416,847	334,304
Finished goods	8,524,576	5,028,472
	<u>9,289,497</u>	<u>5,610,849</u>

11. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	3,994,057	2,849,246
Amounts owed by group undertakings	11,549,784	10,890,473
Other debtors	163,996	442,457
Tax	8,005	1,104,544
Prepayments	178,909	145,506
	<u>15,894,751</u>	<u>15,432,226</u>

12. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Bank loans and overdrafts (see note 13)	1,457	2,500
Trade creditors	1,368,476	1,266,981
Amounts owed to group undertakings	2,698,281	1,911,577
Tax	-	2,790
Other creditors	602,521	542,496
Accrued expenses	276,542	316,480
	<u>4,947,277</u>	<u>4,042,824</u>

13. **LOANS**

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,457</u>	<u>2,500</u>

14. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	756,066	743,087
Between one and five years	2,333,800	2,778,320
In more than five years	-	227,000
	<u>3,089,866</u>	<u>3,748,407</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

15. PROVISIONS FOR LIABILITIES

	2022 £	2021 £
Deferred tax	<u>1,139,624</u>	<u>1,058,086</u>
	Deferred tax	Accrued pension provision
	£	£
Balance at 1 January 2022	1,058,086	-
Provided during year	81,538	-
Change of tax rate		
Balance at 31 December 2022	<u>1,139,624</u>	<u>-</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2022 £	2021 £
Number:	Class:	Nominal value:		
60,390	Ordinary	£1	60,390	60,390
2,380	'A' Ordinary	£1	<u>2,380</u>	<u>2,380</u>
			<u>62,770</u>	<u>62,770</u>

17. RESERVES

	Retained earnings £
At 1 January 2022	25,225,696
Profit for the year	<u>3,010,692</u>
At 31 December 2022	<u>28,236,388</u>

18. PENSION COMMITMENTS

The company operates a defined contribution scheme. Contributions payable for the year are charged to the profit and loss account as incurred. Employer contributions made in the year were £723,347 (2021: £650,779). There were no outstanding company contributions at the year end.

19. ULTIMATE PARENT COMPANY

The ultimate parent company is Snap-on Inc. A copy of the Snap-on Inc annual report can be obtained from www.snapon.com or at the company's offices at 2801 80th Street, Kenosha, Wisconsin, 53143, USA.

20. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year, a total of key management personnel compensation of £ 307,495 (2021 - £ 419,505) was paid.

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