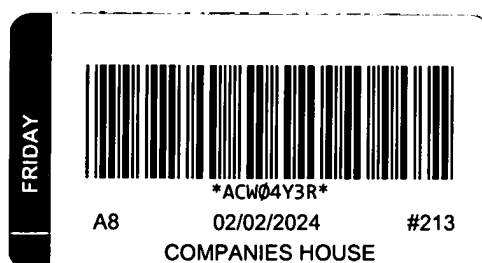


Company Registration No. 01178138 (England and Wales)

ROTOLOK (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023



ROTOLOK (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	Mrs AJ McCauley Mr S Swales
Secretary	Mrs AJ McCauley
Company number	01178138
Registered office	1 Millennium Place Tiverton Business Park Tiverton Devon EX16 6SB
Auditor	Peplows Limited Moorgate House King Street Newton Abbot Devon TQ12 2LG

ROTOLOK (HOLDINGS) LIMITED

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ROTOLOK (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2023

The directors present the strategic report for the year ended 31 May 2023.

Fair review of the business

It is fitting that upon our 50th year anniversary, we report record results. We are delighted to have achieved such a brilliant operational and financial performance on our half century.

Turnover has increased by 11% to £29.0m (2022: £26.3m) and gross profit as a percentage of turnover grew by four percentage points to 45% (2022: 41%). Overall, profit before tax rose by 22% to £5.0m (2022: £4.1m). It is satisfying to see these positive trends, in what has undoubtedly been a challenging time, and they reflect the effort and focus we have applied.

The group continues to convert a significant proportion of its profit into cash, with cash balances at 31 May 2023 standing at £19.7m (2022: £13.6m). Net assets increased by £4 million to £51.0m at the end of the year (2022: £47m). This all puts the group in a position of financial strength and with the capability to keep investing for future success.

The table below sets out the revenue performance of the two main divisions of the Rotolok Group and the group's other key performance indicators during the year:

	2023	2022 (restated)
	£	£
<u>Turnover</u>		
Manufacturing and Engineering	28,225,739	25,445,060
Property and Investment	<u>792,093</u>	<u>780,654</u>
	<u>29,017,832</u>	<u>26,225,714</u>
EBITDA	5,163,891	4,047,838
Operating profit	4,246,652	3,238,650
Foreign currency gains / (losses)	391,102	836,312
Profit before tax	5,037,480	4,138,046
Net cash	19,714,076	13,600,196
Net assets	51,188,157	46,958,906

ROTOLOK (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

Manufacturing and Engineering

Strong fundamentals in our traditional and resilient end markets, plus notable business wins in the buoyant green technology arena, has led to another successful year for our manufacturing and engineering division.

We welcomed a new subsidiary in New Zealand to complete our Australasia presence and further grow our international footprint. Rotolok have a wide geographical reach, serving customers all over the globe, supported by our facilities in four out of the six major continents. Our in-house designed and manufactured equipment continues to be installed in many industrial sectors across the world.

We have been granted another USDA accreditation this year for our new easy release and easy clean hygienic rotary valve, which further demonstrates our commitment to high quality and long-lasting product.

Our business continues to evolve to meet and set new standards as applications change with global decarbonisation targets. We are proud to have manufactured Rotolok valves for EV battery production and numerous biomass plants and supply a substantial Roots blower package to process and generate green hydrogen at the incredible Neom City in Saudi Arabia. There are enormous opportunities ahead for us supplying equipment into low or zero carbon technologies and processes.

Yet again, this year, we have been investing for the future. Upgrades to our digital and IT systems have occurred and a new ERP system installed at our Tiverton, Head Office. Our factory modernisation continues to help manufacturing efficiency with increased automation, producing top quality precision engineered parts. Our new robotic welding cell has been commissioned, is in full production and already making great contributions.

Although the labour market remains challenging and finding people with the right skill set is difficult, our training and apprenticeship programs have served us well and helped underpin our workforce. Opportunities to learn, develop and grow within roles and our organisation have created a talented and stable team.

Property and Investment

The reshaping of our business model is substantially complete, and the property and investment side of our business is now streamlined. The rent roll generated by our tenant base is a reliable source of income but is an incidental part of our business.

Principle risks and uncertainties

Our manufacturing **capacity** and facilities need to keep pace with our increased levels of business. Our foundry upgrade should be substantially complete by Easter, and we expect three of our other UK sites to receive investment and significant improvements over the next year.

The **shortage of skilled labour** is having an impact on UK business across all sectors. We are not immune, and it is difficult filling some roles. Emphasis on our apprenticeship program, training, and promotion from within, together with our program to combine upskilling of jobs and automation are helping to address these challenges.

Whilst the **energy** market has stabilised somewhat over the last year, energy costs have increased massively.

Rising core inflation has caused increased operating costs for business, including ours. To mitigate the impact of these rises, and to protect margin, we continually work on efficiencies, combined with carefully considered sales price increases.

We are fortunate not to have any borrowings. However, the hikes in the bank base rate and **rising interest costs** for business has led to some customers delaying plant upgrade plans.

The group undertakes overseas trade and, where prices are set in foreign currency, the group is exposed to an **exchange rate risk**. This risk is priced into foreign currency transactions wherever possible. Exchange risk is mitigated, in part, by our international footprint and having facilities located in key overseas territories.

ROTOLOK (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

Outlook

The UK economic outlook remains weak, with only modest growth predicted of less than 1% in GDP for 2024, and the risk of recession remaining. Global growth forecasts are also subdued with geopolitical tensions adding to uncertainty. Despite these numerous challenges, we operate in a niche market manufacturing key and critical industrial equipment, playing a vital role in keeping key supply chains moving. The world and business have been challenged by a number of crises over these last four years, and yet regardless of these difficulties, we have thrived.

We are ambitious and we set ourselves high targets and expectations. Despite our fabulous record results, we believe that we could and should do better. If we can fully optimise our operations, we will generate higher sales and expand our margins again. We continue to strive to make these improvements and to keep up the positive momentum.

Promoting the success of the company

Section 172 Statement

The board of directors of the company consider that they have acted in good faith to promote the success of the business for its members and stakeholders. The directors have regard for the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 as follows:

(a) The likely consequences of any decision in the long term

The directors have prepared a long-term strategy and business plan. This is kept under review in the light of assessments of investment returns, and capital expenditure planning. Regular consideration of potential acquisitions and divestment form an integral part of our long-term planning.

(b) The interests of the company's employees

The directors have placed enhanced focus on our people and workplaces. We have increased the degree of engagement and investment in our employees to develop knowledge and skills and to look after our people's wellbeing.

We are committed to maintaining robust health and safety systems and practices. Our weekly production reporting always features health and safety as a standing item on the agenda. Training plays a key role and organised toolbox talks, complemented by online training sessions across a range of different subjects are used to improve awareness and help positively develop our safety culture.

We have also committed to a Health and Wellbeing Strategy including providing employees access to confidential helplines for any wellbeing or mental health issues they may need help on.

Actions taken by the directors and the senior management team include employee surveys and feedback exercise, performance development reviews, one-to-one meetings, newsletters, active noticeboards, and group meetings to update staff on business performance.

(c) The need to foster the company's business relationships with suppliers, customers and others,

Engaging with our stakeholders is key to the way we run our business and is an important consideration for the directors when making relevant decisions. The Rotolok Group regards their key stakeholders to be its staff, suppliers, customers, shareholders, bankers, and insurers. Our suppliers are a vital part of our success and our ISO 9001:2015 accreditation guides our dealings with those within our supply chain. In line with our values, we are customer focused and committed to supporting our customers from first contact throughout the product lifespan.

(d) The impact of the company's operations on the community and the environment,

The company is committed to engage in a positive way with the communities within which we operate. We have agreed a program to support approved charities with planned events and donations and to undertake at least one community and charity event in each year.

We have established a Sustainability and ESG Framework and created a committee to monitor our objectives and achievements.

ROTOLOK (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

(e) The desirability of the company maintaining a reputation for high standards of business conduct

The directors are committed to upholding good governance and are ultimately responsible and accountable for protecting all stakeholders' interests. A list of policies and standards that make up the governance framework is regularly reviewed and updated, as necessary.

(f) The need to act fairly as between members of the company.

Regular shareholder reporting and discussions are held covering both a review of current business performance and future strategic direction.

On behalf of the board



Mr S Swales
Director

30 January 2024

ROTOLOK (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2023

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

Principal activities

The principal activity of the company is that of holding and managing property and assets.

The principal activities of the subsidiary companies relate to the manufacture, distribution and sales of materials handling equipment

Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £550,715 (2002: £330,429). The directors do not recommend payment of a further dividend.

Directors

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

Mrs AJ McCauley
Mr S Swales

Research and development

The group continues to innovate, enhance and develop new products to supply its major markets.

Disabled persons

Full consideration is given to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. The group has continued the employment wherever possible of any person who becomes disabled during their employment. Opportunities for training, career development and promotion do not operate to the detriment of disabled employees.

Employee involvement

Regular discussions take place between local management and employees to allow a free flow of information and ideas.

Future developments

We are currently investing heavily into a number of our UK manufacturing facilities. We are also planning a move for one of our company's to relocate to a larger, nearby and more purpose built factory. A strategic acquisition also features highly on our agenda.

Auditor

Peplows Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report

The company has not consumed more than 40,000 kWh of energy in this reporting period and none of the subsidiaries requires the disclosures under these regulations and the group is therefore not required to report on its emissions, energy consumption or energy efficiency activities.

Strategic report

Details of "Objectives and policies" and "Price, credit, liquidity and cash flow risks" are set out in the Strategic Report.

ROTOLOK (HOLDINGS) LIMITED


DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr S Swales
Director

30 January 2024

ROTOLOK (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2023

The directors are responsible for preparing the Annual Report 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). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROTOLOK (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROTOLOK (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Rotolok (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2023 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

ROTOLOK (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROTOLOK (HOLDINGS) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

ROTOLOK (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROTOLOK (HOLDINGS) LIMITED

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with directors and other management, and from our commercial knowledge and experience of the manufacturing and property sectors;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including employment, environmental and health and safety legislation and export regulations (including for air freight);
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- reviewing the operation, via testing and/or discussing with management, of internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- reviewing order files for export documentation where appropriate.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries (including movements in accruals and prepayments) to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- reviewing the records past the accounting date for any indication of transactions that should be reflected in these accounts.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and the group's legal advisors; and
- internet search for any publicised breaches.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ROTOLOK (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROTOLOK (HOLDINGS) LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Young Bsc FCA (Senior Statutory Auditor)

For and on behalf of Peplows Limited

30 January 2024

Chartered Accountants

Statutory Auditor

Moorgate House
King Street
Newton Abbot
Devon
TQ12 2LG

ROTOLOK (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2023

		2023	2022
	Notes	£	as restated £
Turnover	3	29,017,832	26,225,714
Cost of sales		(15,859,614)	(15,492,158)
Gross profit		13,158,218	10,733,556
Distribution costs		(88,235)	(90,638)
Administrative expenses		(8,863,975)	(7,456,014)
Other operating income		40,644	51,746
Operating profit	4	4,246,652	3,238,650
Interest receivable and similar income	8	434,055	84,704
Interest payable and similar expenses	9	(34,329)	(21,620)
Foreign currency gains / (losses)		391,102	836,312
Profit before taxation		5,037,480	4,138,046
Tax on profit	10	(925,673)	(817,370)
Profit for the financial year		4,111,807	3,320,676

Profit for the financial year is all attributable to the owners of the parent company.

ROTOLOK (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2023

	2023	2022
	£	as restated £
Profit for the year	4,111,807	3,320,676
	<hr/>	<hr/>
Other comprehensive income		
Revaluation of tangible fixed assets	719,473	627,060
Currency translation differences	82,149	272,254
Adjustments to the fair value of financial assets	(74,100)	(423,805)
Tax relating to other comprehensive income	(59,363)	(14,532)
	<hr/>	<hr/>
Other comprehensive income for the year	668,159	460,977
	<hr/>	<hr/>
Total comprehensive income for the year	4,779,966	3,781,653
	<hr/>	<hr/>

Total comprehensive income for the year is all attributable to the owners of the parent company.

ROTOLOK (HOLDINGS) LIMITED

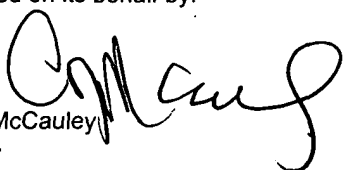
GROUP BALANCE SHEET

AS AT 31 MAY 2023

		2023		2022 as restated	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		35,404		49,896
Tangible assets	13		11,332,433		11,752,820
Investment properties	14		8,702,358		8,292,901
Investments	15		1,572,801		1,646,862
			<u>21,642,996</u>		<u>21,742,479</u>
Current assets					
Stocks	17	7,831,093		7,286,086	
Debtors	18	12,647,708		12,415,431	
Cash at bank and in hand		19,714,076		13,600,196	
			<u>40,192,877</u>		<u>33,301,713</u>
Creditors: amounts falling due within one year	19	(9,449,006)		(7,020,521)	
Net current assets			<u>30,743,871</u>		<u>26,281,192</u>
Total assets less current liabilities			<u>52,386,867</u>		<u>48,023,671</u>
Provisions for liabilities					
Provisions	21	178,385		146,252	
Deferred tax liability	22	1,020,325		918,513	
			<u>(1,198,710)</u>		<u>(1,064,765)</u>
Net assets			<u>51,188,157</u>		<u>46,958,906</u>
Capital and reserves					
Called up share capital	24		110,143		110,143
Share premium account			2,080,985		2,080,985
Revaluation reserve			5,467,928		5,239,644
Capital redemption reserve			502,250		502,250
Profit and loss reserves			43,026,851		39,025,884
Total equity			<u>51,188,157</u>		<u>46,958,906</u>

The financial statements were approved by the board of directors and authorised for issue on 30 January 2024 and are signed on its behalf by:

Mrs AJ McCauley
Director



ROTOLOK (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 31 MAY 2023

		2023		2022 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		409,697		549,945
Investment properties	14		19,396,767		19,570,763
Investments	15		7,418,290		7,492,390
			<u>27,224,754</u>		<u>27,613,098</u>
Current assets					
Debtors	18	7,295,793		8,688,864	
Cash at bank and in hand		17,209,589		10,991,636	
			<u>24,505,382</u>		<u>19,680,500</u>
Creditors: amounts falling due within one year	19	(2,184,873)		(732,994)	
Net current assets			<u>22,320,509</u>		<u>18,947,506</u>
Total assets less current liabilities			<u>49,545,263</u>		<u>46,560,604</u>
Provisions for liabilities					
Deferred tax liability	22	1,060,323		1,037,041	
			<u>(1,060,323)</u>		<u>(1,037,041)</u>
Net assets			<u>48,484,940</u>		<u>45,523,563</u>
Capital and reserves					
Called up share capital	24		110,143		110,143
Share premium account			2,080,985		2,080,985
Revaluation reserve			7,328,945		7,282,089
Capital redemption reserve			502,250		502,250
Profit and loss reserves			38,462,617		35,548,096
Total equity			<u>48,484,940</u>		<u>45,523,563</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,107,510 (2022 - £2,845,325 profit).

The financial statements were approved by the board of directors and authorised for issue on 30 January 2024 and are signed on its behalf by:


Mrs AJ McCauley
Director

Company Registration No. 01178138

ROTOLOK (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2023

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
As restated for the period ended 31 May 2022:							
Balance at 1 June 2021		110,143	2,080,985	5,050,921	502,250	36,248,576	43,992,875
To correct the impact of exchange rate movements on loans denominated in Rupee		-	-	-	-	(485,193)	(485,193)
As restated		110,143	2,080,985	5,050,921	502,250	35,763,383	43,507,682
Year ended 31 May 2022:							
Profit for the year		-	-	-	-	3,320,676	3,320,676
Other comprehensive income:							
Revaluation of tangible fixed assets		-	-	627,060	-	-	627,060
Currency translation differences		-	-	-	-	272,254	272,254
Adjustments to fair value of financial assets		-	-	(423,805)	-	-	(423,805)
Tax relating to other comprehensive income		-	-	(14,532)	-	-	(14,532)
Total comprehensive income for the year		-	-	188,723	-	3,592,930	3,781,653
Dividends	11	-	-	-	-	(330,429)	(330,429)
Balance at 31 May 2022		110,143	2,080,985	5,239,644	502,250	39,025,884	46,958,906

ROTOLOK (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Year ended 31 May 2023:							
Profit for the year		-	-	-	-	4,111,807	4,111,807
Other comprehensive income:							
Revaluation of tangible fixed assets		-	-	719,473	-	-	719,473
Currency translation differences		-	-	-	-	82,149	82,149
Adjustments to fair value of financial assets		-	-	(74,100)	-	-	(74,100)
Tax relating to other comprehensive income		-	-	(59,363)	-	-	(59,363)
Total comprehensive income for the year		-	-	586,010	-	4,193,956	4,779,966
Dividends	11	-	-	-	-	(550,715)	(550,715)
Transfers		-	-	(357,726)	-	357,726	-
Balance at 31 May 2023		110,143	2,080,985	5,467,928	502,250	43,026,851	51,188,157

ROTOLOK (HOLDINGS) LIMITED

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

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
As restated for the period ended 31 May 2022:							
Balance at 1 June 2021		110,143	2,080,985	6,741,128	502,250	33,518,393	42,952,899
To correct the impact of exchange rate movements on loans denominated in Rupee		-	-	-	-	(485,193)	(485,193)
As restated		110,143	2,080,985	6,741,128	502,250	33,033,200	42,467,706
Year ended 31 May 2022:							
Profit for the year		-	-	-	-	2,845,325	2,845,325
Other comprehensive income:							
Revaluation of tangible fixed assets		-	-	1,053,158	-	-	1,053,158
Adjustments to fair value of financial assets		-	-	(423,805)	-	-	(423,805)
Tax relating to other comprehensive income		-	-	(88,392)	-	-	(88,392)
Total comprehensive income for the year		-	-	540,961	-	2,845,325	3,386,286
Dividends	11	-	-	-	-	(330,429)	(330,429)
Balance at 31 May 2022		110,143	2,080,985	7,282,089	502,250	35,548,096	45,523,563

ROTOLOK (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Year ended 31 May 2023:							
Profit for the year		-	-	-	-	3,107,510	3,107,510
Other comprehensive income:							
Revaluation of tangible fixed assets		-	-	501,964	-	-	501,964
Adjustments to fair value of financial assets		-	-	(74,100)	-	-	(74,100)
Tax relating to other comprehensive income		-	-	(23,282)	-	-	(23,282)
Total comprehensive income for the year		-	-	404,582	-	3,107,510	3,512,092
Dividends	11	-	-	-	-	(550,715)	(550,715)
Transfers		-	-	(357,726)	-	357,726	-
Balance at 31 May 2023		110,143	2,080,985	7,328,945	502,250	38,462,617	48,484,940

ROTOLOK (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2023

		2023		2022 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	26		6,933,396		(4,469,282)
Interest paid			(34,329)		(21,620)
Income taxes paid			(417,959)		(710,147)
Net cash inflow/(outflow) from operating activities			6,481,108		(5,201,049)
Investing activities					
Purchase of tangible fixed assets		(933,930)		(475,714)	
Proceeds on disposal of tangible fixed assets		18,194		10,761,421	
Proceeds on disposal of investment property		700,542		-	
Proceeds on disposal of investments		(39)		(207,925)	
Interest received		434,055		84,704	
Net cash generated from investing activities			218,822		10,162,486
Financing activities					
Dividends paid to equity shareholders		(550,715)		(330,429)	
Net cash used in financing activities			(550,715)		(330,429)
Net increase in cash and cash equivalents			6,149,215		4,631,008
Cash and cash equivalents at beginning of year			13,564,861		8,933,853
Cash and cash equivalents at end of year			19,714,076		13,564,861
Relating to:					
Cash at bank and in hand			19,714,076		13,600,196
Bank overdrafts included in creditors payable within one year			-		(35,335)

ROTOLOK (HOLDINGS) LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2023

		2023		2022 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	2,581,636		3,269,316	
Interest paid		(9,391)		(12,535)	
Income taxes paid		-		(392,300)	
Net cash inflow from operating activities		2,572,245		2,864,481	
Investing activities					
Purchase of tangible fixed assets		-		(36,717)	
Proceeds on disposal of tangible fixed assets		6,867		8,000	
Purchase of investment property		(24,582)		(450,000)	
Proceeds on disposal of investment property		700,542		-	
Proceeds on disposal of subsidiaries		(24,693)		-	
Proceeds on disposal of investments		-		(207,950)	
Interest received		408,197		59,459	
Dividends received		3,130,092		2,423,369	
Net cash generated from investing activities		4,196,423		1,796,161	
Financing activities					
Dividends paid to equity shareholders		(550,715)		(330,429)	
Net cash used in financing activities		(550,715)		(330,429)	
Net increase in cash and cash equivalents		6,217,953		4,330,213	
Cash and cash equivalents at beginning of year		10,991,636		6,661,423	
Cash and cash equivalents at end of year		17,209,589		10,991,636	

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

Company information

Rotolok (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 1 Millennium Place, Tiverton Business Park, Tiverton, Devon EX16 6SB.

The group consists of Rotolok (Holdings) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Rotolok (Holdings) Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 May 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover is recognised by activity as follows:

Manufacturing and engineering income is recognised on delivery of goods other than as described for contract revenue;

Rental and investment income is recognised on a time apportionment basis; Developmental income is recognised on completion of sale;

Dividend income is recognised when dividends are declared (for non listed shares) or when the shares become ex dividend (for listed shares).

Contract revenue is recognised as follows:

In respect of contracts for specific customers, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of these contracts is recognised by reference to the stage of completion.

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 or 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Other tangible assets	15% - 25% reducing balance
Furniture, fittings and equipment	15% - 25% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Manufacturing and Engineering Division	28,225,739	25,445,060
Property Income	792,093	780,654
	<u>29,017,832</u>	<u>26,225,714</u>
	2023	2022
	£	£
Other significant revenue		
Interest income	<u>434,055</u>	<u>84,704</u>

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

4 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	902,747	794,696
Profit on disposal of tangible fixed assets	(2,268)	(8,172)
Amortisation of intangible assets	14,492	14,492
	<u>914,971</u>	<u>801,016</u>

5 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	21,250	13,300
Audit of the financial statements of the company's subsidiaries	31,450	26,575
	<u>52,700</u>	<u>39,875</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Production	189	198	-	-
Administration and support	83	87	6	6
Total	<u>272</u>	<u>285</u>	<u>6</u>	<u>6</u>

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	8,078,009	7,569,310	479,993	474,317
Social security costs	803,123	775,314	61,036	58,640
Pension costs	296,714	142,192	151,833	7,622
	<u>9,177,846</u>	<u>8,486,816</u>	<u>692,862</u>	<u>540,579</u>

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	321,178	318,129
Company pension contributions to defined contribution schemes	145,943	1,943
	<u>467,121</u>	<u>320,072</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	148,721	148,032
Company pension contributions to defined contribution schemes	145,943	1,943
	<u>294,664</u>	<u>150,000</u>

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	1,135	24,416
Other interest income	432,920	60,288
	<u>434,055</u>	<u>84,704</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>1,135</u>	<u>24,416</u>
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9 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	22,183	12,140
Other interest on financial liabilities	12,146	9,480
	<u>34,329</u>	<u>21,620</u>

10 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	<u>865,663</u>	<u>917,606</u>

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

10 Taxation

(Continued)

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	60,010	(100,236)
	<u> </u>	<u> </u>
Total tax charge	<u>925,673</u>	<u>817,370</u>

The UK tax rate has changed from 19% to 25% from 1 April 2023.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	5,037,480	4,138,046
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2022: 19.00%)	1,007,496	786,229
Tax effect of expenses that are not deductible in determining taxable profit	(70,191)	(279,058)
Depreciation on assets not qualifying for tax allowances	(52,388)	(97,889)
Effect of overseas tax rates	40,756	408,088
	<u> </u>	<u> </u>
Taxation charge	<u>925,673</u>	<u>817,370</u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £	2022 £
Deferred tax arising on:		
Revaluation of property	77,888	120,484
Revaluation of investments	(18,525)	(105,952)
	<u> </u>	<u> </u>
	<u>59,363</u>	<u>14,532</u>

11 Dividends

	2023 £	2022 £
Recognised as distributions to equity holders:		
Interim paid	550,715	330,429
	<u> </u>	<u> </u>

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 June 2022	515,095
Disposals	(3,109)
	<hr/>
At 31 May 2023	511,986
	<hr/>
Amortisation and impairment	
At 1 June 2022	465,199
Amortisation charged for the year	14,492
Disposals	(3,109)
	<hr/>
At 31 May 2023	476,582
	<hr/>
Carrying amount	
At 31 May 2023	35,404
	<hr/>
At 31 May 2022	49,896
	<hr/>

The company had no intangible fixed assets at 31 May 2023 or 31 May 2022.

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

13 Tangible fixed assets

Group	Freehold land and buildings	Other tangible assets	Furniture, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 June 2022	11,263,173	9,229,060	1,425,693	282,213	22,200,139
Additions	24,582	787,370	69,933	52,045	933,930
Disposals	-	(14,565)	(16,492)	(56,722)	(87,779)
Transfer to investment property	(390,526)	-	-	-	(390,526)
Exchange adjustments	(43,292)	(45,105)	(2,496)	(2,550)	(93,443)
At 31 May 2023	10,853,937	9,956,760	1,476,638	274,986	22,562,321
Depreciation and impairment					
At 1 June 2022	1,993,911	7,132,098	1,136,729	184,581	10,447,319
Depreciation charged in the year	169,981	612,864	85,470	34,432	902,747
Eliminated in respect of disposals	-	(9,335)	(16,491)	(46,027)	(71,853)
Exchange adjustments	6,868	(53,874)	140	(1,459)	(48,325)
At 31 May 2023	2,170,760	7,681,753	1,205,848	171,527	11,229,888
Carrying amount					
At 31 May 2023	8,683,177	2,275,007	270,790	103,459	11,332,433
At 31 May 2022	9,269,262	2,096,962	288,964	97,632	11,752,820
Company		Other tangible assets	Furniture, fittings and equipment	Motor vehicles	Total
		£	£	£	£
Cost					
At 1 June 2022		3,853,518	88,096	83,471	4,025,085
Disposals		-	-	(8,770)	(8,770)
At 31 May 2023		3,853,518	88,096	74,701	4,016,315
Depreciation and impairment					
At 1 June 2022		3,342,035	86,951	46,154	3,475,140
Depreciation charged in the year		127,871	273	8,404	136,548
Eliminated in respect of disposals		-	-	(5,070)	(5,070)
At 31 May 2023		3,469,906	87,224	49,488	3,606,618
Carrying amount					
At 31 May 2023		383,612	872	25,213	409,697
At 31 May 2022		511,483	1,145	37,317	549,945

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

14 Investment property

	Group 2023 £	Company 2023 £
Fair value		
At 1 June 2022	8,292,901	19,570,763
Additions through external acquisition	-	24,582
Transfers from owner-occupied property	390,526	-
Disposals	(700,542)	(700,542)
Net gains or losses through fair value adjustments	719,473	501,964
At 31 May 2023	<u>8,702,358</u>	<u>19,396,767</u>

Group:

The properties have been valued by the directors at 31 May 2023 based on average rental yields expected for the area.

Had the properties been measured on a historical cost basis, the carrying amount would have been £2,706,026 (2022 - £3,048,842).

There has been no valuation of investment property by an independent valuer, the revaluation has been performed by the directors on a rental yield basis.

Company:

The properties have been valued by the directors at 31 May 2023 based on average rental yields expected for the area.

Had the properties been measured on a historical cost basis, the carrying amount would have been £10,620,956 (2022 - £10,939,190).

15 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	16	-	-	5,846,072	5,846,072
Listed investments		1,572,801	1,646,862	1,572,218	1,646,318
		<u>1,572,801</u>	<u>1,646,862</u>	<u>7,418,290</u>	<u>7,492,390</u>
Listed investments carrying amount		<u>1,572,801</u>	<u>1,646,862</u>	<u>1,572,218</u>	<u>1,646,318</u>

Fixed asset investments revalued

Listed investments are valued at the quoted market (AIM) mid price at close of business on 31 May 2023. The historic cost of the investment is £2,093,654 (2022 £2,093,654).

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

15 Fixed asset investments

(Continued)

Movements in fixed asset investments Group

Investments
£

Cost or valuation

At 1 June 2022

1,646,862

Valuation changes

(74,061)

At 31 May 2023

1,572,801

Carrying amount

At 31 May 2023

1,572,801

At 31 May 2022

1,646,862

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Other
investments
£

Total
£

Cost or valuation

At 1 June 2022

5,846,072

1,646,318

7,492,390

Valuation changes

-

(74,100)

(74,100)

At 31 May 2023

5,846,072

1,572,218

7,418,290

Carrying amount

At 31 May 2023

5,846,072

1,572,218

7,418,290

At 31 May 2022

5,846,072

1,646,318

7,492,390

16 Subsidiaries

Details of the company's subsidiaries at 31 May 2023 are as follows:

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

16 Subsidiaries

(Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Rotolok Limited	1 Millennium Place, Tiverton, Devon EX16 6SB	Ordinary	100.00
Roots Systems Limited	As above	Ordinary	100.00
Soliflo Limited	As above	Ordinary	100.00
Solitec Engineering Limited	As above	Ordinary	100.00
Blo Tech Limited	As above	Ordinary	100.00
Bush & Wilton Limited	As above	Ordinary	100.00
Northfield Foundry Limited	As above	Ordinary	100.00
Sautelma SA	France	Ordinary	99.00
Mona SA	As above	Ordinary	100.00
Rotolok EURL	As above	Ordinary	100.00
Quadling Family Holdings (Proprietary) Limited	South Africa	Ordinary	100.00
AMD - Rotolok (Proprietary) Limited	As above	Ordinary	100.00
Rotolok Bulk Systems (Proprietary) Limited	As above	Ordinary	100.00
McCauley Company, Inc.	USA	Ordinary	100.00
Roots Systems Inc.	As above	Ordinary	100.00
Rotolok Asia Pacific Pte Ltd	Singapore	Ordinary	100.00
Rotolok Valves Private Limited	India	Ordinary	100.00
Rotolok Australia Pty Limited	Australia	Ordinary	100.00
Rotoprop Pty Limited	As above	Ordinary	100.00
Carolina Conveying Inc	USA	Ordinary	100.00
Rotolok Valves Inc	USA	Ordinary	100.00
Bush & Wilton Inc	USA	Ordinary	100.00
HR Bulk Feeders and Equipment Proprietary Ltd	South Africa	Ordinary	100.00
Rotolok New Zealand Limited	New Zealand	Ordinary	100.00

17 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Raw materials and consumables	2,536,921	2,813,874	-	-
Work in progress	2,574,674	2,121,315	-	-
Finished goods and goods for resale	2,719,498	2,350,897	-	-
	<u>7,831,093</u>	<u>7,286,086</u>	<u>-</u>	<u>-</u>

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

18 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	5,870,122	6,463,145	119,466	179,111
Gross amounts owed by contract customers	3,584,846	3,150,080	-	-
Amounts owed by group undertakings	-	-	5,447,576	6,911,019
Other debtors	2,536,987	1,251,329	1,630,048	607,614
Prepayments and accrued income	655,753	688,377	98,703	128,620
	<u>12,647,708</u>	<u>11,552,931</u>	<u>7,295,793</u>	<u>7,826,364</u>
Amounts falling due after more than one year:				
Other debtors	-	862,500	-	862,500
	<u>-</u>	<u>862,500</u>	<u>-</u>	<u>862,500</u>
Total debtors	<u>12,647,708</u>	<u>12,415,431</u>	<u>7,295,793</u>	<u>8,688,864</u>

19 Creditors: amounts falling due within one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	20	-	35,335	-	-
Payments received on account		4,203,650	1,872,770	-	-
Trade creditors		2,957,750	2,658,096	11,517	52,528
Amounts owed to group undertakings		-	-	1,302,549	40,000
Corporation tax payable		640,323	175,058	-	-
Other taxation and social security		365,086	389,359	106,343	116,256
Other creditors		903,128	540,312	607,747	369,661
Accruals and deferred income		379,069	1,349,591	156,717	154,549
		<u>9,449,006</u>	<u>7,020,521</u>	<u>2,184,873</u>	<u>732,994</u>

20 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank overdrafts	-	35,335	-	-
	<u>-</u>	<u>35,335</u>	<u>-</u>	<u>-</u>
Payable within one year	-	35,335	-	-
	<u>-</u>	<u>35,335</u>	<u>-</u>	<u>-</u>

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2023

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
	178,385	146,252	-	-

Group	£
At 1 June 2022	146,252
Additional provisions in the year	32,133
At 31 May 2023	178,385

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2023	Liabilities 2022
Group	£	£
Accelerated capital allowances	64,915	20,246
Investments	832,264	775,121
Rolled over gains	123,146	123,146
	<u>1,020,325</u>	<u>918,513</u>

	Liabilities	Liabilities
	2023	2022
Company	£	£
Accelerated capital allowances	64,915	64,914
Investments	872,262	848,981
Rolled over gains	123,146	123,146
	<u>1,060,323</u>	<u>1,037,041</u>

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

22 Deferred taxation

(Continued)

	Group 2023 £	Company 2023 £
Movements in the year:		
Liability at 1 June 2022	918,513	1,037,041
Charge to other comprehensive income	101,812	23,282
Liability at 31 May 2023	<u>1,020,325</u>	<u>1,060,323</u>

23 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>296,714</u>	<u>142,192</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

Group and company	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>110,143</u>	<u>110,143</u>	<u>110,143</u>	<u>110,143</u>

The ordinary shares rank pari passu.

25 Directors' transactions

Loans made to the company and group by directors total £592,636 (2022 - £288,247). Interest is charged at 3% above base rate and the loans are repayable on demand.

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

26 Cash generated from/(absorbed by) group operations

	2023 £	2022 £
Profit for the year after tax	4,111,807	3,320,676
Adjustments for:		
Taxation charged	925,673	817,370
Finance costs	34,329	21,620
Investment income	(434,055)	(84,704)
Gain on disposal of tangible fixed assets	(2,268)	(8,172)
Fair value gain on foreign exchange contracts	127,267	(14,388)
Amortisation and impairment of intangible assets	14,492	14,492
Depreciation and impairment of tangible fixed assets	902,747	794,696
Increase/(decrease) in provisions	32,133	(26,479)
Movements in working capital:		
(Increase)/decrease in stocks	(545,007)	2,638,233
Increase in debtors	(232,277)	(2,986,893)
Increase/(decrease) in creditors	1,998,555	(8,955,733)
Cash generated from/(absorbed by) operations	<u>6,933,396</u>	<u>(4,469,282)</u>

27 Cash generated from operations - company

	2023 £	2022 £
Profit for the year after tax	3,107,510	2,845,325
Adjustments for:		
Taxation charged	-	338,844
Finance costs	9,391	12,535
Investment income	(3,538,289)	(2,482,828)
Gain on disposal of tangible fixed assets	(3,167)	(1,519)
Fair value gain on foreign exchange contracts	-	(94,149)
Depreciation and impairment of tangible fixed assets	136,548	183,296
Other gains and losses	24,693	(196,025)
Movements in working capital:		
Decrease in debtors	1,393,071	3,021,633
Increase/(decrease) in creditors	1,451,879	(357,796)
Cash generated from operations	<u>2,581,636</u>	<u>3,269,316</u>

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

28 Analysis of changes in net funds - group

	1 June 2022	Cash flows	Exchange rate movements	31 May 2023
	£	£	£	£
Cash at bank and in hand	13,600,196	5,941,656	172,224	19,714,076
Bank overdrafts	(35,335)	35,335	-	-
	<u>13,564,861</u>	<u>5,976,991</u>	<u>172,224</u>	<u>19,714,076</u>

29 Analysis of changes in net funds - company

	1 June 2022	Cash flows	Exchange rate movements	31 May 2023
	£	£	£	£
Cash at bank and in hand	10,991,636	6,045,729	172,224	17,209,589
	<u>10,991,636</u>	<u>6,045,729</u>	<u>172,224</u>	<u>17,209,589</u>

30 Prior period adjustment

Reconciliation of changes in equity - group

	1 June 2021 £	31 May 2022 £
Adjustments to prior year		
Cummulative exchange rate loss	(485,193)	(391,045)
Equity as previously reported	<u>43,992,875</u>	<u>47,349,951</u>
Equity as adjusted	<u>43,507,682</u>	<u>46,958,906</u>
Analysis of the effect upon equity		
Profit and loss reserves	<u>(485,193)</u>	<u>(391,045)</u>

Reconciliation of changes in profit for the previous financial period

	2022 £
Adjustments to prior year	
Exchange rate gain in 2022	94,148
Profit as previously reported	<u>3,226,528</u>
Profit as adjusted	<u>3,320,676</u>

ROTOLOK (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

30 Prior period adjustment

(Continued)

Reconciliation of changes in equity - company

	1 June 2021 £	31 May 2022 £
Adjustments to prior year		
Group debt movement	(485,193)	(391,045)
Equity as previously reported	42,952,899	45,914,608
Equity as adjusted	42,467,706	45,523,563

Analysis of the effect upon equity

Profit and loss reserves	(485,193)	(391,045)
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Reconciliation of changes in profit for the previous financial period

	2022 £
Adjustments to prior year	
Exchange rate movement	94,148
Profit as previously reported	2,751,177
Profit as adjusted	2,845,325