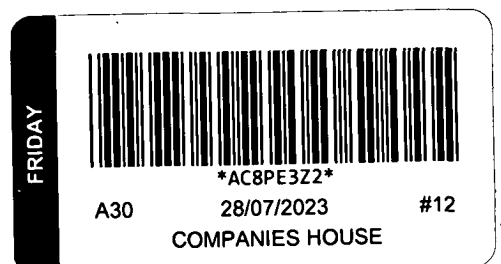


Company Registration No. 03493017

FTL Seals Technology Limited

Annual Report and Financial Statements

For the year ended 31 December 2022



FTL Seals Technology Limited

Report and financial statements 2021

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FTL Seals Technology Limited

Company information

Directors

J Myszak
W Grogan
G Jeifetz

Company Secretary

Abogado Nominees Limited
L M Anderson

Registered Office

Bruntcliffe Avenue
Leeds 27 Business Park
Morley
Leeds
LS27 OTG

Bankers

JP Morgan
25 Bank Street
London
E14 5JP

Auditor

Deloitte LLP
Statutory Auditor
Leeds
United Kingdom

FTL Seals Technology Limited

Strategic report

The directors present their strategic report, directors' report and the audited financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the company is the design, manufacture and distribution of sealing solutions, engineered products and mechanical assemblies to world-wide industrial markets.

Business review

2022 saw a 13% increase in turnover from £13.3m to £15.0m. Gross Margin increased slightly from 2021 (Gross Margin: 2022 49.5% - 2021 46.6%) as sales to our driveline customers increased as a percentage of overall sales. This is largely as a result of the current climate in Ukraine as military defence requirements increased. Operating profit increased from 2021 (Operating Margin 2022 31.5% - 2021 31.1%) as a result of the increase in sales volume. The working capital position remains healthy with strong control in each aspect. Net assets increased significantly to £11.7m (2021: £7.5m) due to the accumulated profit in the year. The company remains completely debt free, there is no funding or gearing issues to concern the board and they consider the balance sheet to be healthy with strong cash generation.

Key performance indicators

The company uses the following key performance indicators to monitor performance:

	2022	2021
Sales Revenue	£15.0m	£13.3m
Gross Margin	49.5%	46.6%
Operating Profit Margin	31.5%	31.1%

The directors consider financial, rather than non-financial, performance indicators to be the most relevant key performance indicators when assessing the performance of the business.

Future developments

2023 has seen a continuation of the growth experienced in 2022. Mining vehicle production remains healthy, Driveline demand continues to grow due to the current geo-political climate and demand across all operational sectors remains strong and has shown no signs of slowing from Q4 2022 levels. The strong performance of the business has allowed the senior leadership team to continue to monitor and manage resources including headcount in order to implement our strategic plan effectively.

The board anticipate the level of business in the next 12 months to be consistent with current levels with no major changes to products or customer base.

Principal risks and uncertainties

The directors of the company have always tried to identify any potential risks to the company with a view to eliminating the risks or at least reducing them to acceptable levels. Commercial risks and external influences are part of running a business and loss of revenue can adversely affect any business. However, the directors are confident that the company will remain profitable during any down turn.

The impact of rising global prices and supply chain delays is the main focus for the business at present.

The logistical impact of Brexit seen in 2021 has now settled and is causing no disruptions to on-time delivery.

Dividends

There were no dividends paid to the immediate parent company in the year (2021: £17.0m). A further dividend of £7.5m (£188.89 per share) was paid in March 2023.

FTL Seals Technology Limited

Strategic report

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The company's principal financial assets are bank balances and cash and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous evidence results in a reduction in the recoverability of cash flows. Additionally, the company has credit insurance for all balances above £5k.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company monitors its requirements for finance through regular cash flow forecasts (see going concern section below for further details).

Going concern

The directors have reviewed future projections, which they feel adequately reflect the current uncertain economic environment. The directors are satisfied that there will be sufficient cash resources generated from its operations to enable the company to continue without the requirement for any external finance.

The business uses a cash sweep facility with IDEX UK Limited from operating activities and there is no reliance on external sources of finance. Cash on the balance sheet, inclusive of the cashpool with IDEX UK as shown within debtors, is £9.2m at 31 December 2022 (2021: £4.9m).

Sensitivity analysis is performed by management to identify any potential future operational issues. None have been identified at this time, therefore the directors have an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. The net assets of the company at 31 December 2022 were £11.7m (2021: £7.5m).

Approved by the Board of Directors
and signed on behalf of the Board



G Jeifetz
Director
26 July 2023

FTL Seals Technology Limited

Directors' report

The company's principal activities, future developments, results, dividends and principal risks including going concern and uncertainties are presented in the strategic report.

Directors

The directors of the company during and subsequent to the year and up to the date of this report were as follows:

H Jakubicek (resigned 5 July 2023)
G Jeifetz (appointed 5 July 2023)
J Myszak (appointed 10 October 2022)
W Grogan (appointed 10 October 2022)
M A Uleman (terminated 14 July 2022)
E Riley (terminated 14 July 2022)
N Thompson (terminated 14 July 2022)

Certain directors benefit from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Post balance sheet events

A dividend of £7.5m (£188.89 per share) was paid in March 2023.

Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

In accordance with section 385 of the Companies Act 2006, appropriate arrangements have been put in place for Deloitte LLP to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



G Jeifetz

Director

26 July 2023

FTL Seals Technology Limited

Directors' responsibilities statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of FTL Seals Technology Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of FTL Seals Technology Ltd (the 'company'):

- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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.

Independent auditor's report to the members of FTL Seals Technology Limited

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.

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 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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We

Independent auditor's report to the members of FTL Seals Technology Limited

also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included GDPR and Health and Safety at Work Act.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 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.

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 any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of FTL Seals Technology Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Sam Hore

Sam Hore FCA

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, UK

26 July 2023

FTL Seals Technology Limited

Profit and loss account For the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover	3	15,011,058	13,266,815
Cost of sales		(7,582,434)	(7,079,605)
Gross profit		7,428,624	6,187,210
Distribution costs		(140,199)	(57,573)
Administrative expenses		(2,557,050)	(2,007,117)
Operating profit	4	4,731,375	4,122,520
Interest receivable and similar income	6	764	1,380,586
Profit before taxation		4,732,139	5,503,106
Tax on profit	7	(498,542)	(413,034)
Profit for the financial year		<u>4,233,597</u>	<u>5,090,072</u>

The notes on pages 13 to 22 form an integral part of these financial statements.

The above results were derived from continuing operations.

The company has no other items of comprehensive income for the year other than the results above and accordingly a statement of comprehensive income has not been prepared.

FTL Seals Technology Limited

Balance sheet

As at 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	8	725,133	715,355
		<u>725,133</u>	<u>715,355</u>
Current assets			
Stocks	9	1,487,399	1,462,688
Debtors			
- due within one year	10	11,994,486	7,330,973
Cash at bank and in hand		1,630	1,350
		<u>13,483,515</u>	<u>8,795,011</u>
Creditors: amounts falling due within one year	12	<u>(2,505,762)</u>	<u>(2,041,077)</u>
Net current assets		<u>10,977,753</u>	<u>6,753,934</u>
Total assets less current liabilities		<u>11,702,886</u>	<u>7,469,289</u>
Net assets		<u>11,702,886</u>	<u>7,469,289</u>
Capital and reserves			
Called-up share capital	13	900	900
Share premium account		84,060	84,060
Capital redemption reserve		92,040	92,040
Profit and loss account		11,525,886	7,292,289
Shareholder's funds		<u>11,702,886</u>	<u>7,469,289</u>

The financial statements of FTL Seals Technology Limited, registered number 3493017 were approved and authorised for issue by the Board of Directors on 26 July 2023.

Signed on behalf of the Board of Directors



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G Jeifetz
Director

FTL Seals Technology Limited

Statement of changes in equity As at 31 December 2022

	Called-up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2021	900	84,060	92,040	19,202,217	19,379,217
Profit and total comprehensive income for the year	-	-	-	5,090,072	5,090,072
Dividends paid (note 13)	-	-	-	(17,000,000)	(17,000,000)
At 31 December 2021	<u>900</u>	<u>84,060</u>	<u>92,040</u>	<u>7,292,289</u>	<u>7,469,289</u>
Profit and total comprehensive income for the year	-	-	-	4,233,597	4,233,597
At 31 December 2022	<u>900</u>	<u>84,060</u>	<u>92,040</u>	<u>11,525,886</u>	<u>11,702,886</u>

The notes on pages 13 to 22 form an integral part of these financial statements.

FTL Seals Technology Limited

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

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

General information and basis of accounting

FTL Seals Technology Limited is a private company limited by shares incorporated in England, United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

FTL Seals Technology Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. FTL Seals Technology Limited is consolidated in the financial statements of its parent, IDEX Corporation, which may be obtained at 1925 West Field Court, Suite 200, Lake Forest, Illinois 60045, USA. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The directors have reviewed future projections, which they feel adequately reflect the current uncertain economic environment. The directors are satisfied that there will be sufficient cash resources generated from its operations to enable the company to continue without the requirement for any external finance.

The business uses a cash sweep facility with IDEX UK Limited from operating activities and there is no reliance on external sources of finance. Cash on the balance sheet, inclusive of the cashpool with IDEX UK as shown within debtors, is £9.2m at 31 December 2022 (2021: £4.9m).

Sensitivity analysis is performed by management to identify any potential future operational issues. None have been identified at this time. Therefore the directors have an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. The net assets of the company at 31 December 2022 were £11.7M (2021: £7.5M).

FTL Seals Technology Limited

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

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on either a straight-line basis over its expected useful life. The rates of depreciation are as follows:

Freehold property	20 years
Plant and machinery	4 - 5 years
Fixtures, fittings & office equipment	4 - 5 years

Research and development

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of fixed and variable overheads. Provision is made for obsolete, slow-moving or defective items where appropriate.

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

FTL Seals Technology Limited

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

1. Accounting policies (continued)

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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 Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

FTL Seals Technology Limited

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

1. Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Payments on account

Payments on account relate to deposits received on exchange of contracts for property sales. These are not recognised as income until the sale legally complete or when a sale falls through, the contract is rescinded.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pensions

The company contributes to personal money purchase pension schemes for certain directors and employees. These charges are recognised in the profit and loss account as they are incurred.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account as and when they arise.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and key sources of estimating uncertainty in applying the Company's accounting policies

The directors believe there are no critical judgements or key sources of estimation uncertainty to be made in preparing these financial statements.

FTL Seals Technology Limited

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

3. Turnover

The company's turnover is all generated from the principal activity as set out in the Strategic Report.

	2022 £	2021 £
By geographical market:		
UK	10,158,197	8,055,452
Europe	2,176,013	2,469,007
Rest of world	2,676,848	2,742,356
	<u>15,011,058</u>	<u>13,266,815</u>

4. Operating profit

	2022 £	2021 £
Operating profit is stated after charging / (crediting)		
Depreciation of tangible fixed assets (note 8)	103,534	99,024
Cost of stock recognised as an expense	6,989,776	6,364,757
Impairment of stock recognised as an expense	88,711	63,428
Foreign currency losses/(gains)	68,469	(9,975)
Rentals under operating leases		
- Hire of motor vehicles	63,527	53,321
Research and development expenditure	4,882	1,689
Fees payable to the company's auditor for the audit of the company's annual financial statements	26,244	24,994
	<u>7,600</u>	<u>7,600</u>
Amounts due to company auditor for other services:		
Tax services	7,600	7,600
	<u>7,600</u>	<u>7,600</u>
Total non-audit fees	<u>7,600</u>	<u>7,600</u>

5. Information regarding directors and employees

	2022 £	2021 £
Directors' remuneration		
Directors' emoluments	179,599	235,967
Pension contributions	8,184	5,889
	<u>187,783</u>	<u>241,856</u>

	2022 No.	2021 No.
Remuneration benefits are accruing to the following number of directors under defined contribution group personal pension schemes	<u>1</u>	<u>1</u>

2 directors were remunerated in the 2022 financial year (2021: 2). The number of directors who accrued benefits under company money purchase schemes was nil (2021: nil). Other directors are remunerated by other group companies, and their costs are incidental, so it is not practical to recharge their costs to the company.

FTL Seals Technology Limited

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

5. Information regarding directors and employees (continued)

	2022 £
Remuneration of highest paid director	135,739

The highest paid director also received a pension contribution of £8,184.

The average monthly number of persons employed by the company during the year was as follows:

	2022 No.	2021 No.
Production, sales and distribution	24	24
Administration	5	5
	<u>29</u>	<u>29</u>

	2022 £	2021 £
Staff costs during the year (including directors)		
Wages and salaries	1,500,256	1,424,944
Social security costs	172,999	137,492
Other pension costs	83,522	77,652
	<u>1,756,777</u>	<u>1,640,088</u>

6. Finance income

	2022 £	2021 £
Intercompany loan interest	-	1,380,586
Bank interest received	764	-
	<u>764</u>	<u>1,380,586</u>

FTL Seals Technology Limited

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

7. Tax on profit

	2022 £	2021 £
UK corporation tax		
Current tax on income from the year	506,973	443,900
Adjustments in respect of prior periods	(22,227)	(69,824)
Total current tax	484,746	374,076
Deferred tax	13,796	38,958
Tax on profit	498,542	413,034

Factors affecting tax charge for the year

The tax assessed for the year is £498,542 which is lower than the standard rate of 19% (2021: lower). The average rate of corporation tax in the UK 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit before taxation	4,732,139	5,503,106
Profit at average rate of corporation tax in the UK of 19% (2020:19%).	899,106	1,045,590
Effects of:		
Group relief claimed	(380,000)	(380,000)
Non-trading loan relationship	-	(218,611)
Other differences	1,663	35,879
Adjustment in respect of prior year	(22,227)	(69,824)
Total tax charge for the year	498,542	413,034

Factors that may affect future tax charges

The Provisional Collection of Taxes Act, enacted on 17 March 2020, set the corporation tax rate at 19% from 1 April 2020, the rate which has been used in preparing these financial statements.

The Finance Bill 2021 introduced an increase to the main rate of corporation tax to 25% from April 2023. This rate was substantively enacted on 24 May 2021. As a result, deferred tax balances expected to reverse after April 2023 and calculated at the previous 19% rate have been re-measured using the increased 25% rate.

FTL Seals Technology Limited

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

8. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures, fittings & office equipment £	Total £
Cost				
At 1 January 2022	900,835	544,847	388,716	1,834,398
Additions	-	67,313	62,592	129,905
Disposals	-	(9,898)	(20,649)	(30,547)
At 31 December 2022	900,835	602,262	430,659	1,933,756
Accumulated depreciation				
At 1 January 2022	475,504	340,182	303,357	1,119,043
Charge for year	45,042	40,143	18,150	103,335
Disposals	-	(9,767)	(3,988)	(13,755)
At 31 December 2022	520,546	370,558	317,519	1,208,623
Net book value				
At 31 December 2022	380,289	231,704	113,140	725,133
At 31 December 2021	425,331	204,665	85,359	715,355

9. Stocks

	2022 £	2021 £
Goods for resale (all finished goods)	1,487,399	1,462,688

In the opinion of the directors, at the balance sheet date there is no material difference between the carrying value and replacement cost of stocks.

FTL Seals Technology Limited

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

10. Debtors

	2022 £	2021 £
Amounts falling due in less than one year		
Trade debtors	2,583,436	2,228,280
Amounts due from group undertakings	9,176,136	4,930,393
Corporation Tax	136,327	86,790
Prepayments	74,512	85,510
Other taxation and social security	24,075	-
	<u>11,994,486</u>	<u>7,330,973</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

11. Deferred taxation

	Deferred taxation £
At 1 January 2022	(32,559)
Charged to profit and loss account	(13,797)
At 31 December 2022	<u>(46,356)</u>

The elements of deferred taxation are as follows:

	2022 £	2021 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>(46,356)</u>	<u>(32,559)</u>

12. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,880,952	1,502,693
Amounts owed to group undertakings	93,361	32,534
Other taxation and social security	-	54,871
Accruals and deferred income	485,093	418,420
Deferred tax liability	46,356	32,559
	<u>2,505,762</u>	<u>2,041,077</u>

Amounts owed to group undertakings are unsecured and paid within 30 days and at zero % interest.

FTL Seals Technology Limited

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

13. Called-up share capital and reserves

	2022 £	2021 £
Allotted, called-up and fully paid		
90,000 Ordinary shares of £0.01 each	900	900

The company's other reserves are as follows:

Share premium account contains the premium arising on issue of equity shares.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

Capital redemption reserve represents a non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

No dividends were paid in the year (2021: £17m (£189 per share)).

14. Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022 Other £	2021 Other £
In one year	54,675	62,009
In second to fifth year inclusive	40,855	78,434
	<u>95,530</u>	<u>140,443</u>

15. Related party transactions

In accordance with paragraph 1.12 of FRS 102 "Related Party Disclosures" transactions with other group undertakings within, and investee related parties of, the IDEX Corporation Group have not been disclosed in these financial statements. There have been no transactions with directors other than as disclosed in note 5.

16. Pension scheme

The company pays contributions to a defined contribution group personal pension scheme, which are all charged to the profit and loss account as they accrue. The charge for the year was 2022: £83,522, (2021: £77,652), and £NIL (2021: £NIL) was payable to the pension scheme at the year end.

17. Ultimate Parent Company and Control

The directors regard IDEX UK Investment Limited, a company incorporated in England and Wales, as the immediate parent company, and IDEX Corporation, a company incorporated in the United States of America as the ultimate parent company and the ultimate controlling party.

IDEX Corporation is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from IDEX Corporation, 1925 West Field Court, Suite 200, Lake Forest, Illinois, 60045, USA.