

Company Registration No. 03493017

FTL Seals Technology Limited

Annual Report and Financial Statements

For the year ended 31 December 2020



FTL Seals Technology Limited

Report and financial statements 2020

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FTL Seals Technology Limited

Company information

Directors

A J Hewitt
M A Uleman
N Thompson
E Riley

Company Secretary

Abogado Nominees Limited
L M Anderson

Registered Office

Bruntcliffe Avenue
Leeds 27 Business Park
Morley
Leeds
LS27 OTG

Bankers

Barclays Bank Plc
1 Park Road
Leeds
LS1 5WU

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 2020.

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

2020 saw a 30% decrease in turnover from £13.0m to £9.1m due to the global impact of COVID 19 affecting revenues across all sectors. Gross Margin increased from 2019 (Gross Margin 2020 47.1% - 2019: 46.1%) as sales to our mining customers (which are lower margin sales) were lower as percentage of overall sales. Operating profit decreased from 2019 (Operating Margin 27.2% - 2019: 30.1%) as a result of the decrease in sales volume. The working capital position remains healthy with strong control in each aspect. This is reflected in net assets increasing to £19.4m (2019: £16.9m). 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:

| | 2020 | 2019 |
|-------------------------|-------|--------|
| Sales Revenue | £9.1m | £13.0m |
| Gross Margin | 47.1% | 46.1% |
| Operating Profit Margin | 27.2% | 30.1% |

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

Future developments

2021 has seen a significant and sustained period of recovery driven by several market sectors. In mining vehicle production has increased whilst in oil and gas projects that may have been delayed in 2020 are now going ahead. Our major project within the materials handling sector supporting growth in food distribution centres in North America continues to move ahead in line with expectations and without delays. This has therefore enabled 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 increase due to continued recovery across numerous industries as COVID 19 lockdown constraints are eased and the world returns to normal. The expectation is for increased volumes but 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 COVID-19 continues to be a focus for the business in the year. The management team has continued to monitor cashflow, and the rolling 13-week cashflow forecast implemented by IDEX in March 2020 has been retained as a standard practice. We have also managed to retain the extended payment terms negotiated with some key accounts in 2020 so that they remain increased from 30-day to 60-day accounts.

The ongoing logistical impact of Brexit has been closely monitored and managed effectively to limit any potential threat.

FTL Seals Technology Limited

Strategic report

Dividends

No dividend was declared in the year (2019: £nil).

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

On 30 January 2020, the spread of the novel Coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation.

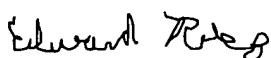
Management have assessed the company's ability to continue as a going concern, particularly around its consideration of the impact of COVID-19 and the steps taken to protect the company's liquidity. As part of this review, management's cash forecasts taking into account the above show the company has sufficient cash and liquidity headroom to continue for a period of at least 12 months with minimal sales growth. This combined with the cash balance has allowed management to conclude the company has the ability to continue as a going concern and as such the disclosures in this area are appropriate.

The business uses a cash sweep facility with IDEX UK 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 £14,208,067 (2019: £11,705,406) at 31 December 2020.

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.

After making enquiries, 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.

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



E Riley
Director

30 September 2021

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:

A J Hewitt
M A Uleman
E McKinley – resigned 3 March 2020
E Riley - appointed 3 March 2020
N Thompson

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

Auditor

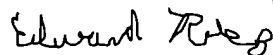
Each of the persons who are a director at the date of approval of this report confirms that:

- 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:



E Riley
Director

30 September

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

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 18.

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

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 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.

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

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 Financial Reporting Council'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 also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities.

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, 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 & Safety at Work Act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it is described below:

- **Inventory valuation:** we performed testing of the design and implementation of key controls and substantive procedures including testing of sales and purchases of inventory to identify any incorrect inventory valuation.

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.

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

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

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.

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.



Matthew Hughes BSc (Hons), ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom

30 September 2021

FTL Seals Technology Limited

Profit and loss account For the year ended 31 December 2020

| | Notes | 2020 £ | 2019 £ |
|--|-------|------------------|------------------|
| Turnover | 3 | 9,121,918 | 13,004,335 |
| Cost of sales | | (4,824,951) | (7,012,652) |
| Gross profit | | 4,296,967 | 5,991,683 |
| Distribution costs | | (102,417) | (89,345) |
| Administrative expenses | | (1,712,524) | (1,981,198) |
| Operating profit | 4 | 2,482,026 | 3,921,140 |
| Interest receivable and similar income | 6 | 212,121 | 233,988 |
| Profit before taxation | | 2,694,147 | 4,155,128 |
| Tax on profit | 7 | (170,576) | (464,418) |
| Profit for the financial year | | <u>2,523,571</u> | <u>3,690,710</u> |

The notes on pages 12 to 21 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 2020

| | Notes | 2020 £ | 2019 £ |
|---|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 733,111 | 634,737 |
| | | <u>733,111</u> | <u>634,737</u> |
| Current assets | | | |
| Stocks | 10 | 888,885 | 894,099 |
| Debtors | | | |
| - due within one year | 11 | 16,023,415 | 1,935,315 |
| - due after one year | 9 | 3,219,414 | 3,022,924 |
| Cash at bank and in hand | | 1,764 | 11,705,406 |
| | | <u>20,133,478</u> | <u>17,557,744</u> |
| Creditors: amounts falling due within one year | 13 | <u>(1,487,372)</u> | <u>(1,336,835)</u> |
| Net current assets | | <u>18,646,106</u> | <u>16,220,909</u> |
| Total assets less current liabilities | | <u>19,379,217</u> | <u>16,855,646</u> |
| Net assets | | <u>19,379,217</u> | <u>16,855,646</u> |
| Capital and reserves | | | |
| Called-up share capital | 14 | 900 | 900 |
| Share premium account | | 84,060 | 84,060 |
| Capital redemption reserve | | 92,040 | 92,040 |
| Profit and loss account | | 19,202,217 | 16,678,646 |
| Shareholder's funds – equity | | <u>19,379,217</u> | <u>16,855,646</u> |

The financial statements of FTL Seals Technology Limited, registered number 3493017 were approved and authorised for issue by the Board of Directors on 30 September 2021.

Signed on behalf of the Board of Directors

Edward Riley

E Riley
Director

FTL Seals Technology Limited

Statement of changes in equity As at 31 December 2020

| | Called-up share capital £ | Share premium account £ | Capital redemption reserve £ | Profit and loss account £ | Total £ |
|--|------------------------------------|----------------------------------|---------------------------------------|------------------------------------|-------------------|
| At 1 January 2019 | 900 | 84,060 | 92,040 | 12,987,936 | 13,164,936 |
| Profit and total comprehensive income for the year | - | - | - | 3,690,710 | 3,690,710 |
| At 31 December 2019 | <u>900</u> | <u>84,060</u> | <u>92,040</u> | <u>16,678,646</u> | <u>16,855,646</u> |
| Profit and total comprehensive income for the year | - | - | - | 2,523,571 | 2,523,571 |
| At 31 December 2020 | <u>900</u> | <u>84,060</u> | <u>92,040</u> | <u>19,202,217</u> | <u>19,202,217</u> |

The notes on pages 12 to 21 form an integral part of these financial statements.

FTL Seals Technology Limited

Notes to the financial statements For the year ended 31 December 2020

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

On 30 January 2020, the spread of the novel Coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation.

Management have assessed the company's ability to continue as a going concern, particularly around its consideration of the impact of COVID-19 and the steps taken to protect the company's liquidity. As part of this review, management's cash forecasts taking into account the above show the company has sufficient cash and liquidity headroom to continue for a period of at least 12 months with minimal sales growth. This combined with the cash balance has allowed management to conclude the company has the ability to continue as a going concern and as such the disclosures in this area are appropriate.

The business uses a cash sweep facility with IDEX UK 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 £14,208,067 (2019: £11,705,406) at 31 December 2020.

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.

After making enquiries, 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.

FTL Seals Technology Limited

Notes to the financial statements For the year ended 31 December 2020

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 2020

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 2020

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 uncertain estimates to be made in preparing these financial statements.

FTL Seals Technology Limited

Notes to the financial statements For the year ended 31 December 2020

3. Turnover

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

| | 2020 £ | 2019 £ |
|-------------------------|------------------|-------------------|
| By geographical market: | | |
| UK | 6,608,857 | 9,681,852 |
| Europe | 1,839,238 | 2,360,374 |
| Rest of world | 673,823 | 992,109 |
| | <u>9,121,918</u> | <u>13,004,335</u> |

4. Operating profit

| | 2020 £ | 2019 £ |
|--|---------------|--------------|
| Operating profit is stated after charging / (crediting) | | |
| Depreciation of tangible fixed assets (note 8) | 85,692 | 77,526 |
| Cost of stock recognised as an expense | 4,292,985 | 6,418,915 |
| Impairment of stock recognised as an expense | 31,750 | 41,118 |
| Foreign currency losses | 23,100 | 31,005 |
| Rentals under operating leases | | |
| - Hire of motor vehicles | 54,529 | 60,629 |
| Research and development expenditure | 775 | 6,541 |
| Fees payable to the company's auditor for the audit of the company's annual financial statements | 22,740 | 22,670 |
| | <u>13,600</u> | <u>4,600</u> |
| Amounts due to company auditor for other services: | | |
| Tax services | 13,600 | 4,600 |
| | <u>13,600</u> | <u>4,600</u> |
| Total non-audit fees | <u>13,600</u> | <u>4,600</u> |

FTL Seals Technology Limited

Notes to the financial statements For the year ended 31 December 2020

5. Information regarding directors and employees

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Directors' remuneration | | |
| Directors' emoluments | 138,118 | 141,986 |
| Pension contributions | 3,661 | 5,535 |
| | <u>141,779</u> | <u>147,521</u> |
| | | |
| | 2020 No. | 2019 No. |
| Remuneration benefits are accruing to the following number of directors under defined contribution group personal pension schemes | <u>1</u> | <u>1</u> |

Only 1 director was remunerated in the 2020 financial year (2019: 1). The number of directors who accrued benefits under company money purchase schemes was nil (2019: 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.

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

| | 2020 No. | 2019 No. |
|--|------------------|------------------|
| Production, sales and distribution | 24 | 28 |
| Administration | 5 | 5 |
| | <u>29</u> | <u>33</u> |
| | | |
| | 2020 £ | 2019 £ |
| Staff costs during the year (including directors) | | |
| Wages and salaries | 1,136,777 | 1,384,360 |
| Social security costs | 134,108 | 153,551 |
| Other pension costs | 72,801 | 75,561 |
| | <u>1,343,686</u> | <u>1,613,372</u> |

6. Finance income

| | 2020 £ | 2019 £ |
|----------------------------|----------------|----------------|
| Intercompany loan interest | 196,490 | 184,497 |
| Bank interest received | 15,631 | 49,491 |
| | <u>212,121</u> | <u>233,988</u> |

FTL Seals Technology Limited

Notes to the financial statements For the year ended 31 December 2020

7. Tax on profit

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| UK corporation tax | | |
| Current tax on income from the year | 192,146 | 442,362 |
| Adjustments in respect of prior periods | (23,505) | 19,172 |
| Total current tax | 168,641 | 461,534 |
| Deferred tax | 1,935 | 2,884 |
| Tax on profit | 170,576 | 464,418 |

Factors affecting tax charge for the year

The tax assessed for the year is £170,576 which is lower than the standard rate of 19% (2019: lower). The average rate of corporation tax in the UK 19% (2019: 19%). The differences are explained below:

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Profit before taxation | 2,694,147 | 4,155,128 |
| Profit at average rate of corporation tax in the UK of 19% (2019: 19%). | 511,888 | 789,474 |
| Effects of: | | |
| Group relief | (333,830) | (380,000) |
| Non trading loan relationship | 15,107 | 17,532 |
| Other differences | 916 | 18,240 |
| Adjustment in respect of prior year | (23,505) | 19,172 |
| Total tax charge for the year | 170,576 | 464,418 |

Factors that may affect future tax charges

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate.

However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 December 20 continue to be measured at 19%.

FTL Seals Technology Limited

Notes to the financial statements For the year ended 31 December 2020

8. Tangible fixed assets

| | Freehold property £ | Plant and machinery £ | Fixtures, fittings & office equipment £ | Total £ | |
|---------------------------------|---------------------------|-----------------------------|---|------------|---------|
| Cost | | | | | |
| At beginning of year | 900,835 | 314,552 | 353,677 | 1,569,064 | |
| Additions | - | 184,066 | - | 184,066 | |
| At end of year | 900,835 | 498,618 | 353,677 | 1,753,130 | |
| Accumulated depreciation | | | | | |
| At beginning of year | 385,421 | 291,302 | 257,604 | 934,327 | |
| Charge for year | 45,042 | 16,401 | 24,249 | 85,692 | |
| At end of year | 430,463 | 307,703 | 281,853 | 1,020,019 | |
| Net book value | | | | | |
| At 31 December 2020 | 470,372 | 190,915 | 71,824 | 733,111 | |
| At 31 December 2019 | 515,414 | 22,980 | 90,080 | 638,030 | 638,030 |

9. Debtors due after one year

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Amounts falling due in more than one year | | |
| Intercompany debtor | 3,219,414 | 3,022,924 |

Amounts due from group undertakings are unsecured and repayable in more than one year. Interest is imputed at a market rate.

10. Stocks

| | 2020 £ | 2019 £ |
|---------------------------------------|-----------|-----------|
| Goods for resale (all finished goods) | 888,885 | 894,099 |

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 2020

11. Debtors

| | 2020 £ | 2019 £ |
|--|-------------------|------------------|
| Amounts falling due in less than one year | | |
| Trade debtors | 1,725,544 | 1,695,026 |
| Amounts due from group undertakings | 14,206,303 | 77,883 |
| Corporation Tax | 24,490 | - |
| Prepayments | 60,679 | 154,072 |
| Deferred tax asset (note 12) | 6,399 | 8,334 |
| | <u>16,023,415</u> | <u>1,935,315</u> |

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

12. Deferred taxation

| | Deferred taxation £ |
|------------------------------------|---------------------------|
| At 1 January 2020 | 8,334 |
| Charged to profit and loss account | (1,935) |
| | <u>6,399</u> |
| At 31 December 2020 | <u>6,399</u> |

The elements of deferred taxation are as follows:

| | 2020 £ | 2019 £ |
|---|--------------|--------------|
| Difference between accumulated depreciation and amortisation and capital allowances | <u>6,399</u> | <u>8,334</u> |

13. Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 1,105,719 | 784,478 |
| Amounts owed to group undertakings | 69,789 | 14,857 |
| Corporation tax | - | 163,282 |
| Other taxation and social security | 229,843 | 209,829 |
| Accruals and deferred income | 82,021 | 164,389 |
| | <u>1,487,372</u> | <u>1,336,835</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 2020

14. Called-up share capital and reserves

| | 2020 | 2019 |
|---|------|------|
| | £ | £ |
| 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.

15. Commitments

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

| | 2020 | 2019 |
|-----------------------------------|---------------|---------------|
| | Other | Other |
| | £ | £ |
| In one year | 40,275 | 64,659 |
| In second to fifth year inclusive | 38,379 | 29,552 |
| | <u>78,654</u> | <u>94,211</u> |

16. 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.

17. 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 £72,801 (2019: £75,461), and £NIL (2019: £13,624) was payable to the pension scheme at the year end.

18. 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, 3100 Sanders Rd, Suite 301, Northbrook, IL 60062, USA.