

ARCOL UK LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	4	402,765	536,332
		<u>402,765</u>	<u>536,332</u>
CURRENT ASSETS			
Stocks		665,567	668,082
Debtors	5	734,958	938,479
Cash at bank and in hand		1,256,963	750,915
		<u>2,657,488</u>	<u>2,357,476</u>
Creditors: amounts falling due within one year	6	(605,368)	(484,507)
		<u>2,052,120</u>	<u>1,872,969</u>
NET CURRENT ASSETS			
		<u>2,454,885</u>	<u>2,409,301</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Provisions for liabilities	7,8	(55,915)	(79,315)
		<u>2,398,970</u>	<u>2,329,986</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	9	10,000	10,000
Share premium account		2,500	2,500
Other reserves		10,166	10,166
Profit and loss account		2,376,304	2,307,320
		<u>2,398,970</u>	<u>2,329,986</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr D P Oliver
Director

Date: 1 June 2021

The notes on pages 2 to 9 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

Arcol UK Limited (registered number 00503996) is a private limited liability company, incorporated in England. The Registered Office is Threemilestone Industrial Estate, Truro, Cornwall, TR4 9LG.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

Subsequent to the balance sheet date, the UK continues to see the impact of the Covid-19 pandemic. The impact on many businesses and sectors across the UK, Europe and the globe have been unprecedented, and at the date of these financial statements the business is experiencing a strong order pattern with extended lead times, which is being reflected across the industry.

The significant cash reserves within the Company, as well as the strong balance sheet position and growing order book, has resulted in the directors' conclusion that the long-term impact on the Company continues to be minimal. Therefore, the directors anticipate that the Company will continue to operate within its available resources and be able to tolerate a reasonable level of unforeseen circumstances for a period of at least 12 months from the date of these financial statements. The financial statements have therefore been prepared on a going concern basis.

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.6 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (continued)

2.8 CURRENT AND DEFERRED TAXATION

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

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

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

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

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

2.9 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Short-term leasehold property	-
	20% straight line
Plant and machinery	-
	20% straight line

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

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

2.10 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (continued)

2.11 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.15 DIVIDENDS

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

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 46 (2019: 49).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. TANGIBLE FIXED ASSETS

	Short-term leasehold property £	Plant and machinery £	Total £
COST OR VALUATION			
At 1 January 2020	83,699	1,747,358	1,831,057
Additions	-	84,360	84,360
Disposals	-	(4,000)	(4,000)
At 31 December 2020	83,699	1,827,718	1,911,417
DEPRECIATION			
At 1 January 2020	34,229	1,260,496	1,294,725
Charge for the year on owned assets	16,740	201,187	217,927
Disposals	-	(4,000)	(4,000)
At 31 December 2020	50,969	1,457,683	1,508,652
NET BOOK VALUE			
At 31 December 2020	32,730	370,035	402,765
At 31 December 2019	49,470	486,862	536,332

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. DEBTORS

	2020 £	2019 £
Trade debtors	582,302	714,663
Amounts owed by group undertakings	-	65,846
Other debtors	63,548	73,798
Prepayments and accrued income	89,108	84,172
	<u>734,958</u>	<u>938,479</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	219,311	210,951
Amounts owed to group undertakings	150,362	59,885
Corporation tax	36,432	55,894
Other taxation and social security	18,158	19,852
Other creditors	136,798	101,690
Accruals and deferred income	44,307	36,235
	<u>605,368</u>	<u>484,507</u>

7. DEFERRED TAXATION

	2020 £
At beginning of year	(71,176)
Charged to profit or loss	19,331
AT END OF YEAR	<u>(51,845)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(51,845)	(71,176)
	<u>(51,845)</u>	<u>(71,176)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. ACCRUALS AND DEFERRED INCOME

	2020 £	2019 £
Grants	<u>4,070</u>	<u>8,139</u>

The above government grants represent capital contributions towards the company's plant and machinery. These are amortised on a basis consistent with the depreciation of the assets to which they relate.

9. SHARE CAPITAL

	2020 £	2019 £
ALLOTTED, CALLED UP AND FULLY PAID		
10,000 (2019: 10,000) Ordinary shares of £1.00 each	<u>10,000</u>	<u>10,000</u>

10. PENSION COMMITMENTS

The company operates a defined contribution scheme for the benefit of its staff. During the year contributions of £32,984 (2019: £39,821) were charged to the profit and loss account, and there were outstanding contributions of £5,137 (2019: £5,594) at the balance sheet date.

11. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	76,650	79,200
Later than 1 year and not later than 5 years	155,250	231,900
	<u>231,900</u>	<u>311,100</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. RELATED PARTY TRANSACTIONS

At the period end, the company owed a net balance of £100,082 (2019: £51,573) to Heico Luxembourg SARL, its parent company. During the period, the company was charged management charges of £99,716 (2019: £102,634) by Heico Luxembourg SARL, as well as £74,484 (2019: £45,052) as recharges for legal and insurance costs.

During the year, the company made sales of £605,242 (2019: £524,388) to Ohmite Manufacturing Inc, a subsidiary of The Heico Companies LLC, who own 100% of Heico Luxembourg SARL. The company also purchased £340,705 (2019: £256,362) of goods from Ohmite Manufacturing Inc. At the period end Arcol UK Limited owed Ohmite Manufacturing Inc £43,358 (2019: Ohmite Manufacturing Inc owed Arcol UK Limited £65,846).

Included within creditors due within one year is a balance of £6,922 (2019: £8,312) payable to Ancra International LLC, a company controlled by The Heico Companies LLC. £37,836 (2019: £34,525) of management charges were charged by Ancra International LLC.

During the year, the company made purchases of £Nil (2019: £553) from Wakefield Thermal Solutions Inc, a company controlled by The Heico Companies LLC. There was no balance payable at the year end to Wakefield Thermal Solutions Inc (2019: £Nil).

13. CONTROLLING PARTY

The company is a wholly owned subsidiary of Heico Luxembourg SARL, a company registered in Luxembourg. The ultimate controlling party is The Heico Companies LLC, a company incorporated in the USA.

14. AUDITORS' INFORMATION

The auditors' report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 9 June 2021 by Robert Davey FCA (Senior Statutory Auditor) on behalf of Bishop Fleming LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.