

Company registration number 04575196 (England and Wales)

ARKOTE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023
PAGES FOR FILING WITH REGISTRAR

ARKOTE LIMITED

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ARKOTE LIMITED

BALANCE SHEET

AS AT 30 APRIL 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		262,424		226,913
Investments	5		3,590,923		3,590,923
			<u>3,853,347</u>		<u>3,817,836</u>
Current assets					
Stocks		1,675,639		1,734,413	
Debtors	6	1,045,533		1,249,812	
Cash at bank and in hand		2,181,493		1,799,497	
		<u>4,902,665</u>		<u>4,783,722</u>	
Creditors: amounts falling due within one year	7	<u>(615,193)</u>		<u>(888,421)</u>	
Net current assets			<u>4,287,472</u>		<u>3,895,301</u>
Total assets less current liabilities			<u>8,140,819</u>		<u>7,713,137</u>
Creditors: amounts falling due after more than one year	8		(200)		(49,111)
Provisions for liabilities			<u>(40,000)</u>		<u>(27,000)</u>
Net assets			<u>8,100,619</u>		<u>7,637,026</u>
Capital and reserves					
Called up share capital	9		10,000		10,000
Share premium account			490,000		490,000
Profit and loss reserves			<u>7,600,619</u>		<u>7,137,026</u>
Total equity			<u>8,100,619</u>		<u>7,637,026</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 20 December 2023 and are signed on its behalf by:

P R Oxspring
Director

Company registration number 04575196 (England and Wales)

ARKOTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

Company information

Arkote Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6 Parkway Rise, Sheffield, England, S9 4WQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

1.2 Turnover

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

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

1.3 Intangible fixed assets - goodwill

Purchased goodwill is written off in equal annual instalments over its useful economic life of 7 years in relation to an original amount of £3,759,556 and 3 years in relation to an original amount of £3,500.

1.4 Tangible fixed assets

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

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

Plant and machinery	25% or 10% straight line
Fixtures, fittings & equipment	25% or 33% straight line
Motor vehicles	25% straight line

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

1.5 Impairment of fixed assets

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

ARKOTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

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

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

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

1.6 Stocks

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

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

1.7 Cash at bank and in hand

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

1.8 Financial instruments

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

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

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

Basic financial assets

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

Classification of financial liabilities

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

ARKOTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

1.9 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

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

Current tax

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

Deferred tax

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

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

ARKOTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.11 Employee benefits

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

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

1.12 Retirement benefits

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Government grants

Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Grants received in relation to the government's Coronavirus Job Retention Scheme have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

1.15 Foreign exchange

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

2 Employees

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

	2023 Number	2022 Number
Total	28	28

ARKOTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

3 Intangible fixed assets

	Goodwill £
Cost	
At 1 May 2022 and 30 April 2023	3,763,056
Amortisation and impairment	
At 1 May 2022 and 30 April 2023	3,763,056
Carrying amount	
At 30 April 2023	-
At 30 April 2022	-

4 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 May 2022	1,563,282	128,955	96,748	1,788,985
Additions	179,122	3,587	-	182,709
At 30 April 2023	1,742,404	132,542	96,748	1,971,694
Depreciation and impairment				
At 1 May 2022	1,387,927	123,984	50,161	1,562,072
Depreciation charged in the year	127,494	4,175	15,529	147,198
At 30 April 2023	1,515,421	128,159	65,690	1,709,270
Carrying amount				
At 30 April 2023	226,983	4,383	31,058	262,424
At 30 April 2022	175,355	4,971	46,587	226,913

5 Fixed asset investments

	2023 £	2022 £
Investments	3,590,923	3,590,923

ARKOTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

5	Fixed asset investments	(Continued)	
	Movements in fixed asset investments		Investments in subsidiaries £
	Cost or valuation		
	At 1 May 2022 & 30 April 2023		3,590,923
	Carrying amount		
	At 30 April 2023		3,590,923
	At 30 April 2022		3,590,923
6	Debtors	2023	2022
	Amounts falling due within one year:	£	£
	Trade debtors	781,556	845,452
	Corporation tax recoverable	-	10,126
	Amounts owed by group undertakings	101,065	31,044
	Other debtors	162,912	363,190
		<u>1,045,533</u>	<u>1,249,812</u>
7	Creditors: amounts falling due within one year	2023	2022
		£	£
	Trade creditors	317,587	502,726
	Amounts owed to group undertakings	41,215	252,950
	Corporation tax	57,316	-
	Other taxation and social security	21,414	20,504
	Other creditors	177,661	112,241
		<u>615,193</u>	<u>888,421</u>
8	Creditors: amounts falling due after more than one year	2023	2022
	Notes	£	£
	Obligations under finance leases	-	48,911
	Other creditors	200	200
		<u>200</u>	<u>49,111</u>

ARKOTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

9 Called up share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor:	Charles Ringrose
Statutory Auditor:	BHP LLP
Date of audit report:	20 December 2023

11 Financial commitments, guarantees and contingent liabilities

In respect of bank facilities, a debenture dated 25 May 2016 has created a fixed and floating charge over the assets of the company. In addition a cross company composite guarantee exists between Arkote Limited, Hardy UK Limited and HMK Limited.

12 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2023 £	2022 £
1,413,125	1,553,125

13 Related party transactions

The company has taken advantage of the exemption available under FRS102, section 33, not to disclose transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

14 Parent company

The ultimate parent company is Fi-Tech Inc., a company registered in the USA.

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.