

SNORKEL EUROPE LIMITED ANNUAL REPORT AND ACCOUNTS 2022

Registered in England & Wales

Company number 6735397

REPORT AND FINANCIAL STATEMENTS 2022

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SNORKEL EUROPE LIMITED

DIRECTORS, ADVISERS AND OFFICERS

DIRECTORS

DF Ahern

CD Brooks

BJ Campbell

SECRETARY

CD Brooks

REGISTERED OFFICE

Vigo Centre

Birtley Road

Washington

Tyne and Wear

NE38 9DA

AUDITORS

Sumer Auditco Ltd

The Beehive, Beehive Ring Road

London Gatwick Airport

Gatwick

RH6 0PA

BANKERS

JPMorgan Bank N.A

Chaseside

Bournemouth

UK

BH7 7DA

SNORKEL EUROPE LIMITED

STRATEGIC REPORT

Snorkel Europe Ltd ("Snorkel") is the European component of Snorkel Group ("The Group") a manufacturer and distributor of Powered Access Platforms. Snorkel markets its products under the well known Snorkel brand.

The controlling interest in Snorkel is held by Xtreme Manufacturing LLC ("Xtreme"). Since acquisition, in October 2013, Xtreme have invested heavily in Snorkel and Xtreme have indicated that they will continue to invest any necessary working capital into Snorkel to fund its growth back to revenue levels consistently above its breakeven point.

The Company uses a variety of financial and non-financial measures to monitor performance with the principal measures detailed below.

Sales and Profitability

	2022 £000's	2021 £000's	Change %
Revenue	42,564	39,219	9%
Loss from continuing operations (Reported)*	(2,667)	(1,757)	(52%)
EBITDA*	(1,740)	(742)	(135%)
EBITDA (Internal operational measure)**	(1,096)	(1,440)	24%
Average Headcount	216	195	11%

* Stated before tax, interest and exceptional items, such as related party forgiveness.

** The internal measure of underlying operational profitability for comparative purposes excludes IFRS16 changes, Marketing costs, Bad debts and currency movements. Source: Management accounts.

In 2022 the Company saw strong year on year growth despite major supply chain and Global Covid-19 Pandemic challenges. For the full year 2022, we posted an increase in year on year Sales revenues of 9% and continue to see strong demand for all our product ranges with the Company sales for the first 4 months of 2023 showing a further 22% increase on the same period in 2022.

Although activity has been much improved we have experienced headwinds around production input costs, a strong U.S dollar, component availability and longer lead times. In particular, the Company experienced large increases in freight and material costs as Global supply chains re-balanced after the 'Global shutdown' due to the Pandemic. The Company has been working hard to minimise and reduce these costs where possible but has also had to pass on some of these inflationary pressures onto customers.

To deliver its strategy, Snorkel is reliant on continued sales demand within its end markets, the pricing levels in those markets and the continued performance of its supply chain. These markets have been cyclical, and future performance in those markets is uncertain.

Working capital

	2022 £000's	2021 £000's	Change %
Cash	515	673	(23%)
Asset based lending facility loan utilised	(6,730)	(3,637)	85%
Capital Expenditure (including intangibles)	320	49	553%
Payables days	94	96	2%
Receivables days	53	66	20%

The Xtreme Manufacturing LLC and Snorkel Group of Companies are partially funded by an Asset Based Lending Facility which is used to support the future growth of the Group.

The facility availability is on a revolving basis calculated as a percentage of eligible Stock and Trade Receivables. As of 31 Dec 22 the loan balance utilised was £6,730k (2021: £3,637k).

In early June 2023 the Asset Based Lending Facility was fully paid down by Xtreme and the Directors believe that the parent company will fund the Company for the foreseeable future (note 25).

SNORKEL EUROPE LIMITED

Non financial measures

The Company also measures and monitors various non financial measures linked to the overall customer experience which includes on-time delivery and quality performance. The Company has performed extremely well within these areas during 2022 given the impact of the global Covid-19 pandemic has had on the business and its supply chain.

Section 172(1) statement

The board of directors of the Company consider, both individually and together, that they have acted in a way which is most likely to promote the success of the Company for the benefit of its stakeholders.

The directors consider the impact on interests of other stakeholders in the company whilst discharging these duties.

Employees

The directors are committed to promoting an engaged and healthy workforce comprising, recognising the importance of both physical and mental wellbeing. We engage with our team through the works council, safety leaders and an open door policy promoting strong communication channels throughout the business.

The directors encourage progression through the business and achieve this through appropriate training and development including apprenticeships.

We dedicate appropriate resource to our Health and Safety standards and consistently work to raise the profile of health and safety in the business. Proactive safety initiatives and extensive training facilitate this. Our strategy is to continue to develop our safety culture to raise standards to the highest level.

Customers

The team works tirelessly to enjoy trusting, effective and uncomplicated long term relationships with our valued customers. We seek to identify opportunities that are mutually beneficial and ensure the sustainability of our strategic partners.

Suppliers

The directors seek to ensure our suppliers align with our values. The directors commit to honouring our agreements. In line with our values, we look to maximise opportunities for suppliers to ensure their continued success and sustainability. The directors value the loyalty and commitment of our strategic suppliers.

Environment

The Company recognises the importance of its environmental responsibilities and has measures in place to monitor and control its impact on the local environment and its compliance with any regulatory environmental standards.

Standards and conduct

The Company has a strong business vision driven by our core values of; Holding people at the heart, Honesty & Integrity, a commitment to excellence and collaboration.

SNORKEL EUROPE LIMITED

Energy and carbon report

The SECR disclosure presents our carbon footprint within the United Kingdom, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an efficiency actions summary taken during the financial year.

	2022	2021
Electricity Consumption used to calculate emissions (kWh)	2,213,080	2,029,780
Emissions from purchased electricity (tCO ₂ e)	468	431
Emissions from combustion of fuel for (tCO ₂ e)	2.0	2.0
Gas Consumption used to calculate emissions (kWh)	5,755,291	5,788,395
Emissions from the combustion of gas (tCO ₂ e)	1,518	1,060
Total gross tCO ₂ e based on the above	1,986	1,493
Intensity ratio (tCO ₂ e / Turnover)	0.05	0.04

The SECR report has been prepared in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.

Energy efficiency action summary

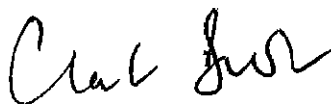
The Company continues to achieve direct and indirect savings in energy and associated carbon emissions, through operational and technological improvements, including;

- External lights put on light sensors.
- Refit of main toilets and clean room.
- LED lights put in the various offices and work areas.

Going concern

The financial statements have been prepared on the going concern basis. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future given the improved financial performance of the Company and Group in 2023.

The directors have prepared forecasts for a period up to twelve months from the date of approval of these financial statements which demonstrate that the Company will have sufficient resources to continue as a going concern. The Company also has the continued support of the parent company, Xtreme Manufacturing LLC, Group and ultimate controlling party, if additional support were required. The directors have concluded that the use of the going concern assumption is appropriate in preparing these financial statements and accordingly, they continue to prepare the Company's financial statements on a going concern basis.



Charles Brooks
Director
23 August 2023

SNORKEL EUROPE LIMITED

DIRECTORS' REPORT

The directors submit their report and the financial statements of Snorkel Europe Limited for the year ended 31 December 2022. Snorkel Europe Limited is a private Limited Company Incorporated and domiciled in the UK.

RESULTS AND DIVIDENDS

The loss for the year after tax amounted to £2,954k (2021:£2,367k loss).

The directors do not recommend payment of a dividend on the ordinary shares.

FINANCIAL INSTRUMENTS

The company's financial instruments comprise cash, inter company loans and short-term receivables and payables arising from its operations. The principal financial instruments used by the company are inter company loans from its ultimate parent company. The company has not established a formal policy on the use of financial instruments but assesses the risks faced by the company as economic conditions and the company's operations develop.

RESEARCH AND DEVELOPMENT

The company maintains a development programme as continuity of investment in this area is essential for the maintenance of the company's market position and for future growth.

EVENTS SINCE THE END OF THE YEAR

Post year end the Asset Based Lending Facility was fully paid, see note 25 for full details.

DISABLED PERSONS

The company will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

The company encourages the involvement of its employees through regular dissemination of information of particular concerns to employees. To facilitate this, the company operates a Communications Forum where all employees are represented by a colleague within their department at regular meetings with senior managers.

DIRECTORS

The directors who held office during the year are listed below:

CD Brooks
BJ Campbell
DF Ahern

The directors do not hold any interest in the share capital of the company except for Mr. DF Ahern who owns Xtreme Manufacturing LLC, the company's ultimate parent.

AUDITOR

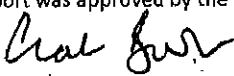
Sumer Auditco Limited were appointed auditor to the company by the directors following the transfer of the audit client base of RMT Accountants and Business Advisors Ltd in April 2023. In accordance with section 485 of the Companies Act 2006, a resolution to confirm the re-appointment of Sumer Auditco Limited as auditors of the company will be proposed.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors in office on the date of approval of the financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

APPROVAL

This report was approved by the board of directors and authorised for issue on 23 August 2023 and signed on its behalf by:


Charles Brooks
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and the Directors' 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 of the Company in accordance with UK adopted International Financial Reporting Standards ("IFRS").

The financial statements are required by law and UK adopted International accounting standards to present fairly the financial position of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with UK adopted International reporting standards;
- d. 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 and disclose 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 SNORKEL EUROPE LIMITED

Opinion

We have audited the financial statements of Snorkel Europe Limited for the year ended 31 December 2022 set out on pages 12 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International reporting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted International reporting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast 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 in 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SNORKEL EUROPE LIMITED

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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.

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.

Capability of the audit in detecting irregularities, including fraud

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include the product safety and health & safety regulations.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SNORKEL EUROPE LIMITED

Use of our report

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

A handwritten signature in black ink, appearing to read 'S. Slater', followed by a large, stylized circular scribble.

Stephen Slater (Senior Statutory Auditor)
for and on behalf of Sumer Auditco Ltd
Statutory Auditor
The Beehive, Beehive Ring road
London Gatwick Airport
Gatwick
RH6 0PA

23 August 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £000's	2021 £000's
Continuing Operations			
Revenue	2	42,564	39,219
Changes in inventories of finished goods and work in progress	11	4,861	(1,131)
Raw materials and consumables used		(38,412)	(30,807)
Staff costs	3	(7,171)	(6,104)
Depreciation and amortisation expense	4	(927)	(1,015)
Other operating expenses	5	(3,582)	(1,919)
Loss from continuing operations		(2,667)	(1,757)
Related party debt forgiveness	21	429	-
Loss from continuing operations after Impairment		(2,238)	(1,757)
Net finance expense	6	(716)	(610)
Loss before taxation		(2,954)	(2,367)
Taxation	7	-	-
Loss for the year from continuing operations		(2,954)	(2,367)
Loss for the year and total comprehensive income attributable to owners of the Company		(2,954)	(2,367)

SNORKEL EUROPE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022 (FOR COMPANY NUMBER 6735397)

	Notes	2022 £000's	2021 £000's
Non current assets			
Intangible assets	8	207	3
Property, plant and equipment	9	388	404
Right-of-use assets	10	6,760	7,438
Deferred tax assets	17	-	-
		7,355	7,845
Current assets			
Inventories	11	17,015	10,355
Trade and other receivables	12	7,309	8,637
Amounts due from Group undertakings	21	171	503
Current tax assets		-	-
Cash and cash equivalents	13	515	673
		25,010	20,168
Total assets		32,365	28,013
Current liabilities			
Trade and other payables	14	9,764	9,096
Amounts due to Group undertakings	21	2,466	1,910
Lease debt	20	731	662
Current tax liabilities		-	-
Other borrowings	15	6,730	3,637
Provision	16	679	639
		20,370	15,944
Non Current liabilities			
Amounts due to Group undertakings	21	5,000	1,500
Other borrowings	15	-	-
Lease debt	20	6,741	7,361
		11,741	8,861
Total liabilities		32,111	24,805
Equity			
Share capital	18	32	32
Share premium	18	31,468	31,468
Profit and loss account	19	(31,246)	(28,292)
Total equity		254	3,208
Total equity and total liabilities		32,365	28,013

The financial statements on pages 12 to 28 were approved by the board of directors and authorised for issue on 23 August 2023 and are signed on its behalf by:



Charles Brooks
Director

SNORKEL EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £000's	Share Premium £000's	Accumulated (losses) £000's	Total equity £000's
Balance at 31 December 2020	24	23,976	(25,925)	(1,925)
New Share issue 31 December 2021	8	7,492	-	7,500
Net loss for the year 2021	-	-	(2,367)	(2,367)
Balance at 31 December 2021	32	31,468	(28,292)	3,208
Net loss for the year 2022	-	-	(2,954)	(2,954)
Balance at 31 December 2022	32	31,468	(31,246)	254

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £000's	2021 £000's
Continuing operations		
Loss before interest and taxation	(2,667)	(1,757)
Related party debt forgiveness	429	-
Depreciation and amortisation	927	1,015
Operating cash flows before movements in working capital	(1,311)	(742)
Decrease (Increase) in receivables including amounts due from Group undertakings	1,662	(2,456)
Increase in payables including amounts due to Group undertakings	4,764	3,701*
Increase in inventories	(6,660)	(842)
Net cash inflow from continuing operating activities	(1,545)	(339)
Cash used in operations		
Interest paid	(716)	(610)
Income taxes received (paid)	-	-
Net cash inflow from operating activities	(2,261)	(949)
Cash flow from Investing Activities		
Purchase of property, plant and equipment including Right of Use assets	(232)	(49)
Purchase of Intangible fixed assets	(207)	-
Net cash outflow from investing activities	(439)	(49)
Cash flow from financing activities		
New obligations lease debt entered into	-	-
Increase in other borrowings	3,093	1,583
Repayments of obligations under lease debt	(551)	(671)
Net cash (used in) from financing activities	2,542	912
Effect of exchange rate changes on cash and cash equivalents	-	-
Net Increase in cash and cash equivalents	(158)	(86)
Cash and cash equivalents at 1 January	673	759
Cash and cash equivalents at 31 December	515	673

* Balance excludes the conversion of £7,500k of Snorkel International Holdings LLC debt into Equity (note 18) was classified as a non-cash item in 2021.

ACCOUNTING POLICIES

(i) Going concern

The financial statements have been prepared on the going concern basis. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future given the improved financial performance of the Company and Group in 2023.

The directors have prepared forecasts for a period up to twelve months from the date of approval of these financial statements which demonstrate that the Company will have sufficient resources to continue as a going concern. The Company also has the continued support of the parent company, Xtreme Manufacturing LLC, Group and ultimate controlling party, if additional support were required. The directors have concluded that the use of the going concern assumption is appropriate in preparing these financial statements and accordingly, they continue to prepare the Company's financial statements on a going concern basis.

(ii) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with UK adopted International reporting standards and the requirements of the Companies Act applicable to companies reporting under IFRS. The financial statements have been prepared under the historic cost convention.

(iii) Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from the sale of goods is recognised when goods are delivered to or collected by the customer and title has passed.

(iv) Leases

Leases are recognized, measured and presented in line with IFRS 16 'Leases'. At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method, initially at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

(v) Foreign currencies

Transactions in currencies other than sterling, the presentational and functional currency of the Company, are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the statement of comprehensive income for the period.

(vi) Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be reliably measured. All intangible assets, other than Goodwill, are amortised over their useful economic life.

Computer Software

Computer software comprises computer software purchased from third parties and is carried at cost less accumulated amortisation.

Manufacturing schedules and other intangibles

Manufacturing schedules and other intangible assets have been brought in on the acquisition of businesses and capitalised at a fair value. The intangible assets are carried at cost less accumulated amortisation.

Estimated useful economic lives

The estimated useful economic lives assigned to the principal categories of intangible assets are as follows:

- | | |
|---------------------------|---------------|
| • Computer software | 5 years |
| • Other intangible assets | 5 to 10 years |

SNORKEL EUROPE LIMITED

(vii) Research and development

Research expenditure is recognised as an expense in the period in which it is incurred.

Development expenditure is recognised in the statement of comprehensive income in the period in which it is incurred unless it is probable that economic benefits will flow to the Company from the asset being developed, the cost of the asset can be reliably measured and technical feasibility can be demonstrated.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives (10 to 15 years).

(viii) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

(ix) Asset Impairment

At each balance sheet 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. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, 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.

(x) Plant, property and equipment

Plant, property and equipment is included in the balance sheet at historical cost, less accumulated depreciation and any impairment losses.

On disposal of property, plant and equipment, the difference between sales proceeds and the net book value at the date of disposal is recorded in the statement of comprehensive income.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

• Plant and Machinery	3- 10 years
• Leasehold land and buildings	over the lifetime of the lease
• Fixtures, fittings and equipment	3- 10 years
• Motor Vehicles	3- 5 years

(xi) Borrowing costs

All borrowing costs are expensed in the statement of comprehensive income in the period in which they are incurred.

(xii) Financial instruments

Recognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial assets

Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market.

Trade and other receivables

Financial assets within Trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount and are subsequently carried at fair value less provisions made for doubtful receivables.

Provisions are made specifically where there is evidence of a risk of non-payment, taking into account ageing, previous losses experienced and general economic conditions.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand less short term bank overdrafts.

Financial liabilities

Financial liabilities and equity

Financial liabilities and equity instruments are classified

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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.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received.

Trade and other payables

Financial liabilities within trade and other payables are initially recorded at fair value, which is usually the original invoiced amount, and subsequently carried at historical cost.

Loans and other borrowings

Loans and other borrowings are initially recognised at fair value plus directly attributable transaction costs and are subsequently carried at amortised cost using the effective interest method.

(xiii) Post retirement benefits

The Company operates a defined contribution scheme which is administered by an independent trustee. The Company contributions are charged to the statement of comprehensive income as they are incurred

(xiv) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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.

(xv) Termination benefits

Termination benefits (leaver costs) are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The

Company recognises termination benefits when it is demonstrably committed to the affected employees leaving the Company.

(xvi) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

(xvii) Investments

Investments are included at cost less amounts written off.

(xviii) Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. We continually evaluate our estimates, assumptions and judgements based on the most up to date information available.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Intangible assets

Amortisation of intangible assets is charged to the statement of comprehensive income on a straight line basis over the useful economic lives of each intangible asset. The Directors review the assumptions made at the time of acquisitions in the light of current evidence in the market, and estimated useful economic lives and revisited the carrying value of each intangible asset. Significant changes in the carrying values assessed are charged through the statement of comprehensive income as an impairment.

Trade receivables

The Company regularly assesses the recoverability of its trade receivables based on a range of factors including the age of the receivable, creditworthiness of the customer, any credits required to release payments, and changes in that customer's access to credit to fund their purchases. When determining the recoverability of an account the Company makes estimations as to the financial condition of each customer, their importance in providing a route to market, any debt collection strategy in place and their ability to subsequently make payment or provide other future revenue benefits.

Inventories

In accordance with IAS2 the Company regularly reviews its inventory to ensure it is carried at the lower of cost or net

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realisable value. The management constantly reviews slow moving and obsolete items arising from changes in the product mix demanded by customers, reductions in overall volumes, supplier failures and strategic resourcing decisions.

Obsolescence provisions are calculated based on current market values and future sales of inventories. In situations where market demand changes, significantly altering production volumes, inventories are reviewed to ensure that components have a realistic likelihood of being used in current models in a reasonable timeframe. If this review identifies significant levels of obsolete inventory, this obsolescence is charged to the statement of comprehensive income as an impairment.

Warranty Provision

The Company has reviewed the warranties that it has offered with the sales of its equipment, and has established a warranty provision to cover the estimated future warranty costs of products sold over the remaining life of the warranty. The estimate of future warranty costs assumes that the recent product developments continue to reduce the warranty support necessary from that in previous periods.

Valuation of lease liabilities and right-of-use assets

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include: determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows. The present value of the lease payments have been determined using the Company's incremental borrowing rate.

Accounting standards, interpretations and amendments to published accounts

The Company considered the implications, if any, of the following amendments to IFRSs during the year ended 31 December 2022.

New and amended standards and interpretations effective from 1 January 2022 adopted by the company

During the year ended 31 December 2022, the Company has not adopted any new IFRS, IAS or amendments issued by the IASB, and interpretations by the IFRS Interpretations Committee, which have been adopted in the United Kingdom.

New and amended standards and interpretations effective from 1 January 2023 not yet adopted by the company

The company currently adopts all relevant accounting standards that have been endorsed by and adopted in the UK. There are various standards that are expected to be endorsed in 2023. The company believes these standards will have no material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. Presentation of financial statements

The financial statements have been prepared in accordance with UK adopted International Accounting Standards. These financial statements are presented in Sterling.

2. Revenue

The company's revenue is generated from its principal activities.

	2022 £000's	2021 £000's
Continuing operations	42,564	39,219
Discontinued operations	-	-
	42,564	39,219

3. Staff costs

Continuing operations

	2022 £000's	2021 £000's
Aggregate remuneration comprised		
Wages and Salaries	6,474	5,504
Social Security Costs	559	468
Other Pension Costs	138	132
Total staff costs	7,171	6,104

	2022 No.	2021 No.
Average monthly number of employees		
Production	149	111
Sales and Administration	67	84
Total	216	195

All company directors were paid through the Company's immediate parent, Snorkel International Holdings LLC.

4. Depreciation and amortisation

Continuing operations

	2022 £000's	2021 £000's
Depreciation of property, plant & equipment	129	167
Amortisation of intangible fixed assets	2	20
Depreciation of right-of-use assets	796	828
Total depreciation and amortisation charge	927	1,015

Depreciation of property, plant & equipment and Right-of-use assets:

- owned assets	129	167
- leased assets	796	828

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5. Other operating expenses

A summary of income and expenses within Other operating expenses is summarised below:

	2022 £000's	2021 £000's
Other operating expenses		
Operating lease rentals	22	16
Allowances for doubtful debts	(142)	(61)
Net loss (gain) on foreign exchange movements	1,205	248
Research and Development costs	77	76
Research and Development credits	-	-
Auditors' remuneration	24	24
Marketing and advertising costs	290	242
Coronavirus job retention scheme grant	-	(245)
Other operating expenses	2,106	1,619
Total operating expenses	3,582	1,919

6. Net finance expense

Continuing operations	2022 £000's	2021 £000's
Finance expense		
Interest payable on other borrowings (note 15)	(242)	(87)
Interest expense associated lease debt	(469)	(509)
Other interest payable	(5)	(14)
Total finance expense	(716)	(610)
Finance Income		
Interest on cash and cash equivalents	-	-
Total finance income	-	-
Net finance expense	(716)	(610)

7. Taxation

Analysis of taxation expense (credit) for the year

	2022 £000's	2021 £000's
United Kingdom		
Corporation tax at 19.00% (2021: 19.00%)	-	-
Non UK Taxation		
Current	-	-
Total current taxation expense (credit)	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Total taxation expense (credit) in the statement of comprehensive income	-	-

Factors affecting taxation expense

The taxation expense on the profit (loss) for the year differs from the amount computed by applying the corporation tax rate to the (loss) profit before taxation as a result of the following factors:

	2022 £000's	2021 £000's
Loss before taxation	(2,954)	(2,367)
Notional taxation (credit) at UK rate of 19.00% (2021: 19.00%)	(561)	(450)
Effects of:		
Non taxable deductible expenses / (income)	(72)	1
Income not taxable	(6)	-
Tax rate changes	(202)	(4,914)
Other	37	-
Deferred tax asset not recognised in the period	804	5,363
Total taxation expense (credit)	-	-

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8. Intangible assets

	Development Costs £000's	Other Intangibles £000's	Computer Software £000's	Total £000's
Cost				
At 1 January 2021	200	-	-	200
Disposals	(178)	-	-	(178)
At 31 December 2021	22	-	-	22
Additions ^a	207	-	-	207
Disposals	(22)	-	-	(22)
At 31 December 2022	207	-	-	207
Accumulated depreciation				
At 1 January 2021	177	-	-	177
Charge for the year	20	-	-	20
Disposals	(178)	-	-	(178)
At 31 December 2021	19	-	-	19
Charge for the year	3	-	-	3
Disposals	(22)	-	-	(22)
At 31 December 2022	-	-	-	-
Carrying amount				
At 31 December 2022	207	-	-	207
At 1 January 2022	3	-	-	3

^a The additions relate to an on going development project

9. Property, plant and equipment

	Land and Buildings ^a £000's	Plant and Machinery ^b £000's	Fixtures, Fittings and Equipment £000's	Total £000's
Cost				
At 1 January 2021	236	2,332	417	2,985
Additions	-	47	2	49
Disposals	-	-	-	-
At 31 December 2021	236	2,379	419	3,034
Additions	-	102	11	113
Disposals	-	-	-	-
At 31 December 2022	236	2,481	430	3,147
Accumulated depreciation				
At 1 January 2021	103	2,122	238	2,463
Charge for the year	14	97	56	167
Disposals	-	-	-	-
At 31 December 2021	117	2,219	294	2,630
Charge for the year	15	67	47	129
Disposals	-	-	-	-
At 31 December 2022	132	2,286	341	2,759
Carrying amount				
At 31 December 2022	104	195	89	388
At 1 January 2022	119	160	125	404

^a The carrying amount of the Land and buildings relates to long leasehold property alterations at the Vigo Centre Facility.

^b Included within Plant and Machinery are assets held under finance leases with a net book value of £Nil (2021: £Nil).

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10. Right-of-use assets

	Land and Buildings £000's	Plant and Machinery £000's	Fixtures, Fittings and Equipment £000's	Total £000's
Cost				
At 1 January 2021	9,778	164	6	9,948
Additions	-	-	-	-
At 31 December 2021	9,778	164	6	9,948
Additions	-	117	-	117
At 31 December 2022	9,778	281	6	10,065
Accumulated depreciation				
At 1 January 2021	1,564	114	4	1,682
Charge for the year	783	43	2	828
Disposals	-	-	-	-
At 31 December 2021	2,347	157	6	2,510
Charge for the year	782	13	-	795
Disposals	-	-	-	-
At 31 December 2022	3,129	170	6	3,305
Carrying amount				
At 31 December 2022	6,649	111	-	6,760
At 1 January 2022	7,431	7	-	7,438

11. Inventories

In accordance with IAS2 the Company regularly reviews its inventory to ensure it is carried at the lower of cost or net realisable value. At 31 December 2022 the management believes the fair value of inventories to be £17.0m (2021: £10.4m).

The Company's inventories comprised:

	2022			2021		
	Cost £000's	Provision £000's	Carrying value £000's	Cost £000's	Provision £000's	Carrying value £000's
Raw materials and consumables	10,276	(1,080)	9,196	8,345	(948)	7,397
Work-in-progress	1,240	-	1,240	1,239	-	1,239
Finished Goods and goods for resale	6,866	(287)	6,579	1,853	(134)	1,719
Total inventories	18,382	(1,367)	17,015	11,437	(1,082)	10,355

Changes in inventories of finished goods and WIP can be calculated as:

	2022 £000's	2021 £000's
Total finished goods and WIP at 1 January	2,958	4,089
Changes in inventories of finished goods and WIP including provision movement	4,861	(1,131)
Total finished goods and WIP at 31 December	7,819	2,958

12. Trade and other receivables

	2022 £000's	2021 £000's
Current		
Trade amounts receivable	6,860	7,860
Allowance for doubtful debts	(686)	(750)
Other taxes	137	110
Other debtors and prepayments	998	1,417
	7,309	8,637

Allowances for doubtful debts are as follows:

	2022 £000's	2021 £000's
At 1 January	750	810
Amounts (credited) debited to the statement of comprehensive income	(64)	(60)
Utilised in the year	-	-
At 31 December	686	750
Average credit period taken on goods (Days)	53	66

Debtor days are calculated as trade amounts receivable net of allowance for estimated irrecoverable amounts over total sales in the period multiplied by 365 days.

Trade and other receivables are continually monitored and allowances provided against trade receivables consist of both specific impairments and collective impairments based on the Company's historical loss experiences, debt aging and general economic conditions.

Amounts past due but not impaired have not been provided against if cash has been received after the balance sheet date, balances can be offset against supplier accounts or where the management believes cash will be collected due to continuing relationships.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

13. Cash and cash equivalents

Cash and cash equivalents comprise bank balances held by the Company. Balances are held primarily in Sterling, US Dollars and Euros. The carrying amounts approximate their fair values and can be summarised as:

	2022 £000's	2021 £000's
Cash and cash equivalents	515	673

At 31 December 2022 £143k (2021: £304k) of cash and cash equivalents were denominated in Sterling, £348k (2021: £343k) in US Dollars, £24k (2021: £26k) in Euros.

14. Trade and other payables

	2022 £000's	2021 £000's
Current		
Trade payables	8,889	8,252
Customer advances	175	168
Accrued expenses	700	676
	9,764	9,096
Average credit period taken on trade purchases (days)	94	96

Creditor days have been calculated as trade payables and accrued expenses over changes in inventories of finished goods and WIP, Raw materials and consumables used and other operating expenses multiplied by 365 days.

The directors consider that the carrying amount of trade payables approximates to their fair value.

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15. Other borrowings

The Xtreme Manufacturing LLC and Snorkel Group of Companies are partially funded by an Asset Based Lending Facility which is used to support the future growth of the Group. The facility availability is on a revolving basis calculated as a percentage of eligible Stock and Trade Receivables.

As of 31 December 22 the loan balance utilized by Snorkel Europe Ltd was £6,730k (2021: £3,637k), with an unutilised availability of £760k (2021: £1,201k).

	2022 £000's	2021 £000's
Non-current	-	-
Current	6,730	3,637
Other borrowings	6,730	3,637

16. Provisions

The provisions represent the Company's estimated liability of warranties granted on Powered Access Platforms. The amount provided represents management's best estimate of the future cash outflows in respect of those products still within warranty at the balance sheet date.

	Warranty provision 2022 £000's	Warranty provision 2021 £000's
At 1 January	639	706
Provision movement in the year	40	(67)
At 31 December	679	639

17. Deferred taxation

At 31 December 2022, the company had unused tax losses of £84.7m (2021: £81.1m). The losses have arisen in various jurisdictions and various locations and will be relieved against future profits from these locations. No deferred tax asset has been recognised in respect of £84.7m (2021: £81.1m) of such losses due to the unpredictability of profit streams which results in an unrecognised deferred tax asset of £21.5m (2021: £20.6m).

18. Share capital

The Company has one class of ordinary shares which carry no right to fixed income. The entire share capital is owned by the immediate parent company, Snorkel International Holdings LLC.

A summary of the shares issued and fully paid is shown below, all shares are ordinary £1 shares:

	Number of shares	Share Capital £	Share Premium £
At 1 January 2021	24,001	24,001	23,976,001
New shares issued on 31 December 2021	7,500	7,500	7,492,500
At 31 December 2021 and 31 December 2022	31,501	31,501	31,468,501

19. Retained loss

	2022 £000's	2021 £000's
At 1 January	(28,292)	(25,925)
Loss for the year	(2,954)	(2,367)
At 31 December	(31,246)	(28,292)

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20. Lease debt

The company accounts for its leases in accordance with IFRS 16 'Leases' and a summary of the lease debt maturity is shown below based on the present value of the minimum lease payments:

	2022 £000's	2021 £000's
Less than 1 year	731	662
Between 1 and 5 years	3,281	3,031
Over 5 years	3,460	4,330
Total	7,472	8,023

The carrying value of assets held under lease within Property, Plant and Equipment are £Nil (2021: £Nil).

The carrying value of assets held under lease within Right-of-use assets are £6,760k (2021: £7,438k). The vast majority of the balance relates to the Vigo Centre, Birtley Road, Washington, Tyne and Wear property lease. This lease currently runs through to 27 June 2031.

21. Related party transactions and ultimate parent undertaking

Snorkel Europe Ltd is 100% owned by its immediate parent company, Snorkel International Holdings LLC. Snorkel Europe Ltd's ultimate parent company is Xtreme Manufacturing LLC, a company incorporated in Nevada, USA, which owns and controls 51% of Snorkel International Holdings LLC's share capital. The remaining 49% is held by Tanfield Group PLC, a UK incorporated company.

Transactions between Snorkel Europe Limited and other Xtreme Manufacturing LLC 'Group' Companies are summarised below, these balances are shown separately within the Company's balance sheet:

Company	At 1 January 2022 £000's	Sales Recharges £000's	Cash & other movements ^a £000's	At 31 December 2022 £000's
Amounts owed by related parties at the year end				
Snorkel New Zealand Limited	144	338	(386)	96
Snorkel China Construction Ltd	-	-	-	-
Xtreme Manufacturing LLC	-	121	(59)	62
Snorkel International Inc	359	865	(1,211)	13
	503	1,324	(1,656)	171
Amounts owed to related parties at the year end				
Xtreme Manufacturing LLC	37	-	(37)	-
Snorkel China Construction Ltd	905	(227)	217	895
Snorkel International Holdings LLC (including Non-current)	2,468	-	4,103	6,571
	3,410	(227)	4,283	7,466

There have been no management charges from the parent company in 2021 or 2022.

^a Cash & other movements includes purchases, cash settlements and working capital loans.

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Transactions between Snorkel Europe Limited and other related parties that do not form part of the Xtreme Manufacturing LLC 'Group' of Companies but where Mr Don Ahern is a shareholder are summarised below, these balances are included within Trade and other receivables or Trade and other payables within the Company's balance sheet:

Company	At 1 January 2022	Sales Recharges	Cash & other movements ^a	At 31 December 2022
Amounts owed to related parties				
Equipment Parts Plus	15	-	(15)	-
Ahern Chile	-	-	-	-
Ahern Australia PTY Limited	-	-	-	-
Ahern Rentals Inc	219	(48)	(171)	-
Amounts owed from related parties				
Ahern Germany	675	3,967	(4,566)	76
Ahern Japan	18	562	(572)	8
Ahern Iberica	459	2,363	(2,816)	6
Ahern Argentina	77	1,729	(1,061)	745
Ahern Ireland	438	3,379	(3,769)	48
Ahern Chile	72	1,482	(974)	580
Ahern Australia PTY Limited	210	1,147	(1,356)	1
Ahern Denmark	358	2,756	(2,199)	915
Ahern Canada	178	664	(504)	338

^a Cash & other movements includes purchases, cash settlements, working capital loans and debt forgiveness.

Debt forgiveness

On 31 Dec 2022 Ahern Rentals Inc forgave the Company £429k relating to various expenses and infrastructure costs previously recharged to the Company.

22. Financial instruments and risk management

The company issues or holds financial instruments mainly to finance its operations, to finance acquisitions and to manage currency and interest rate risks arising from its operations and its sources of finance. In addition, various instruments such as trade receivables and trade payables arise directly from the Company's operations.

The company finances its operations primarily through its issued share capital, loans from parent and its Asset Based Lending ('ABL') facility which is classified as 'Other borrowings' on the face of the balance sheet.

Credit risk management

The company's exposure to credit risk arises from its trading related receivables and cash deposits with financial institutions.

The Group's credit policy for trading related receivables is applied and managed by each local operation to ensure compliance. The policy requires that the creditworthiness and financial strength of customers is assessed at inception and on an on-going basis. The company uses external credit checking agencies as well as undertaking its own internal reviews of customer finances. Large Customer accounts where credit risk is deemed significant to the Company are managed at director level.

The Company's maximum exposure to credit risk is summarised below:

	2022 £000's	2021 £000's
Trade and other receivables	6,174	7,110
Cash and cash equivalents	515	673
	6,689	7,783

Liquidity risk management

The company is exposed to liquidity risk arising from having insufficient funds to meet the financing needs of the company.

The company's liquidity management process includes projecting cash flows and considering the level of liquid assets available to meet future cash requirements along with monitoring balance sheet liquidity. The Board reviews forecasts, including cash flow forecasts on a monthly basis.

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Maturity analysis

The table below analyses the Company's financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on amounts outstanding at the balance sheet date up to the contractual maturity date.

	Within 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
2022				
Trade and other payables	9,764	-	-	9,764
Lease debt	731	3,281	3,460	7,472
Other borrowings	6,730	-	-	6,730
Amounts due to Group undertakings	2,466	5,000	-	7,466
	19,691	8,281	3,460	31,432

Foreign exchange risk management

The company is exposed to movements in foreign exchange rates due to its commercial trading denominated in foreign currencies and other foreign currency denominated costs.

Where possible the company uses natural hedging of currencies where customer and purchase currencies are matched. If appropriate the company can use currency derivative financial instruments such as foreign exchange contracts to reduce exposure. These were not used in the period.

The material foreign currency denominated costs, include the purchase of components from low cost based countries, principally in US dollars.

Interest rate risk management

The Company is exposed to interest rate risk due to its cash deposits and Other borrowings (note 15). The company regularly reviews its short term cash requirements and limits its cash holdings to ensure the minimum amount of interest is incurred on its borrowings.

The Company manages its exposure to interest rate risk against lease debt by fixing the rate of interest over the term of the lease.

Financial instruments

For measurement purposes IAS39 requires financial assets and liabilities to be classified into four categories, held at fair value through profit and loss, available for sale, loans and receivables or held to maturity. The first two categories are measured at fair value and the last two are measured at amortised cost.

Financial liabilities are to be classified into two categories, at fair value through profit and loss and other financial liabilities. The liabilities measured at fair value include liabilities held for trading such as derivatives and short term profit taking activities.

A summary of the company's financial instruments is set out below:

Assets	Loans and receivables £000's	2022 Held to maturity £000's	Total £000's
Current financial assets			
Trade and other receivables	6,174	-	6,174
Amounts due from Group undertakings	171	-	171
Cash and cash equivalents	515	-	515
Total	6,860	-	6,860
Liabilities	Other financial liabilities £000's	Held for trading £000's	Total £000's
Current and non-current liabilities			
Trade and other payables	9,764	-	9,764
Lease debt	7,472	-	7,472
Other borrowings	6,730	-	6,730
Amounts due to Group undertakings	7,466	-	7,466
Total	31,432	-	31,432

SNORKEL EUROPE LIMITED

Capital Management

The Company's main objective when managing capital is to protect returns to shareholders by ensuring the Company trades profitably in the future. The Company also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Company manages its capital with regard to risks inherent in the business and the sector in which it operates by monitoring its gearing ratio on a regular basis.

The Company considers its capital to include share capital, share premium and retained earnings.

23. Contingent liabilities

There are no contingent liabilities of which the Directors are aware.

24. Subsidiary undertakings

At 31 December 2022 the Company had no subsidiary undertakings.

25. Post balance sheet events

In May 2023, the Asset Based Lending Facility disclosed in Note 15 expired and was not renewed. Given the increasing interest rates and deposit/borrowing rates, the ultimate controlling party of Xtreme Manufacturing LLC, Don Ahern, chose to lend the Group sufficient funds through a related party to repay the outstanding facility to lender JPMorgan Chase. All financial covenants relating to the JPM Credit Line expired at the same time as the loan was paid off. There are no covenants at the date of issue of these financial statements.

At the settlement date the Group repaid approximately \$34.2m of which Snorkel Europe Limited's share was approximately \$11.4m.