

Company registration number 08870148 (England and Wales)

Sylatech Limited
Unaudited Financial Statements
For The Year Ended 31 March 2023
Pages For Filing With Registrar

SYLATECH LIMITED

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SYLATECH LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

Sylatech are specialists in the design, engineering and manufacture of passive RF/Microwave waveguide antennas, subsystems, assemblies, components and in liquid metal component forming, through our investment casting foundry. The business also runs comprehensive CNC machining operations and has a significant Research and Development function, developing advanced capabilities and cutting-edge technology.

Business Review and Principal Activities.

During the year, the company grew confidently and positively, after the previous year of post-pandemic rebuilding. Steady and manageable growth was delivered monthly throughout the year, in line with the planned strategic growth numbers, and the business continued to benefit from multiple Long Term Purchase Agreements (LTA's), which gave great forward visibility of orders, and significantly improved planning and procurement processes.

The growth strategy spearheaded in the Aerospace, Defence and Space (ADS) sectors has been working well, resulting in good business activity in all these core sectors. The year was busy with passing on price increases to our customers, who were almost entirely reasonable and supportive of our proposals. We continued to invest in our management team, to ensure we that have the relevant skills to achieve our growth plans and significant management training has taken place throughout the year to support all the on-site growth activities. The business has completed its second year in the Sharing in Growth (SiG) aerospace business transformation programme, and remains entirely engaged with this continuous improvement journey, which runs with full SiG support until the end of 2025.

Operationally, we have seen good improvements in the productivity per employee, which is working well with our continued drive to robotise appropriate operations, and three robots now operate 7 days per week. The company continues to re-invest into the site infrastructure and capital equipment, introducing new plant and increasing automation.

Through our R&D activity, a 2nd grant of £290k was awarded relating to the recycling of waste plastic consumer films. This has been extremely successful, with the grant being extended to the end of October 2023, where proof of concept will have been successfully demonstrated, and the technology ready to scale up to a first industrial unit.

Principal Risks and Uncertainties.

The Company's principal risks relate to Liquidity, Credit and Foreign Exchange risk. The Board of Directors and Senior Leadership Team continually review business risk and uncertainties. Management review financial and non-financial matrices every week to understand all risks facing the business.

Financial Risk.

The Company utilises external funding to facilitate its continued growth plans and remains able to cover all its current obligations through a combination of working capital from trading cash flow, asset finance and invoice discounting facilities. Cash availability is monitored weekly by the Directors.

With high levels of export, the Company monitors foreign exchange markets and its exposures with some risk mitigated by sourcing same currency supplies. Board approved internal policies mitigate against interest rate and working capital risks. Credit risk is mitigated by the extensive use of credit reference agency reporting and monitoring services. Where credit risk is identified, the Company revises its credit terms accordingly.

Market and Other Risk

The basic commodity parts for the Company's sales profile remain competitive against European, American, and Far Eastern imports. With the growing pressures on environmental impacts. Management is increasing its focus on implementing efficiency improvements and initiating activity to understand the carbon footprint of the business. The recruitment of skilled staff is an ongoing challenge across the UK and in a rural location, but timely progress is being made as the headcount increased from 130 to 141 at the year end.

SYLATECH LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Analysis Based on Key Performance Indicators.

The Board and Senior Management Team use several KPI's to monitor the business and have created a new Business Development Information Centre to track active enquiries conversion rates across each of the business units. It also reviews attainment to forecast, performance to budget and cash generation. Other important non-financial KPI's are used on a daily and weekly basis to measure health & safety, delivery performance to customers (OTIF), quality and operational performance / efficiencies.

Future Outlook

The company has commenced the new financial year with a strong forward order book, and will continue to invest in capital equipment, our people, core business and R&D activities. We have recently been awarded the majority share of a £3.6m Innovate grant, with three other collaborating parties focused on the delivery of the new MeltX Aluminium purification technology, which has been developed on-site.

We will further enhance our growing profile through our International Prime customer base and active participation in sector specific trade organizations. Our strong export growth will continue through our international marketing campaign at trade shows in Europe and North America. The opening of a sales office in the USA will drive further sales in this territory. We remain an alumni member of the *Goldman Sachs 10,000 Small Businesses* programme.

Results and dividends

Dividends of £27,500 were paid during the year. The directors do not propose a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J D McGreevy
Mr W B Shaw
Mr C J C Breese
Mr J R Robinson
Mr G J Gunn
Mr C S Clark

Small companies exemption

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

On behalf of the board

Mr C J C Breese
Director

8 September 2023

SYLATECH LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	3		20,826		33,850
Tangible assets	4		1,434,092		1,485,657
Investments	5		1,200		1,200
			<u>1,456,118</u>		<u>1,520,707</u>
Current assets					
Stocks		1,211,627		1,065,110	
Debtors	8	2,216,984		2,238,008	
Cash at bank and in hand		88,839		84,770	
		<u>3,517,450</u>		<u>3,387,888</u>	
Creditors: amounts falling due within one year	9	<u>(2,029,514)</u>		<u>(2,396,411)</u>	
Net current assets			<u>1,487,936</u>		<u>991,477</u>
Total assets less current liabilities			<u>2,944,054</u>		<u>2,512,184</u>
Creditors: amounts falling due after more than one year	10		(867,917)		(917,835)
Provisions for liabilities			<u>(275,300)</u>		<u>(26,300)</u>
Net assets			<u>1,800,837</u>		<u>1,568,049</u>
Capital and reserves					
Called up share capital			1,111		1,111
Share premium account			25,974		25,974
Profit and loss reserves			1,773,752		1,540,964
Total equity			<u>1,800,837</u>		<u>1,568,049</u>

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

For the financial year ended 31 March 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

SYLATECH LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2023

The financial statements were approved by the board of directors and authorised for issue on 8 September 2023 and are signed on its behalf by:

Mr C J C Breese
Director

Company Registration No. 08870148

SYLATECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Sylatech Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kirkdale Road, Kirkbymoorside, YO62 6PX.

1.1 Accounting convention

These financial statements have been prepared in accordance with 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 £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is an intermediate parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

The ultimate parent company is SRF Holdings Limited. The registered office of SRF Holdings Limited is Kirkdale Road, Kirkbymoorside, York, YO62 6PX. The company and its parent comprise a small group and as such are exempt from preparing group accounts.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Revenue is recognised upon dispatch of goods and represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Research and development expenditure

All research and development expenditure is written off against profits in the year in which it is incurred.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of consideration over fair value of assets and liabilities acquired and is written off in equal annual installments over its estimated useful economic life of 10 years.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation 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:

Software	Over the life of the licence or 5 years straight line
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SYLATECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies **(Continued)**

1.7 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:

Leasehold, Land and buildings	2% Straight line
Plant and machinery	10-20% 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.

Assets under the course of construction are not depreciated until they are brought into use.

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 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.

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.

1.10 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.

SYLATECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

1.11 Cash and cash equivalents

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. Bank overdrafts are shown within borrowings in current liabilities.

1.12 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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies 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.

1.13 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.

1.14 Taxation

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

SYLATECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

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.

1.15 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 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.

SYLATECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 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 are included in the profit and loss account for the period.

2 Employees

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

	2023 Number	2022 Number
Total	140	126

3 Intangible fixed assets

	Goodwill £	Other £	Total £
Cost			
At 1 April 2022	154,946	43,862	198,808
Additions	-	6,000	6,000
Transfers	-	(1,050)	(1,050)
At 31 March 2023	154,946	48,812	203,758
Amortisation and impairment			
At 1 April 2022	123,959	40,999	164,958
Amortisation charged for the year	15,494	2,970	18,464
Transfers	-	(490)	(490)
At 31 March 2023	139,453	43,479	182,932
Carrying amount			
At 31 March 2023	15,493	5,333	20,826
At 31 March 2022	30,987	2,863	33,850

SYLATECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Tangible fixed assets

	Leasehold, Land and buildings	Assets under construction	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 April 2022	421,767	140,249	2,363,530	2,925,546
Additions	37,497	53,991	243,389	334,877
Disposals	-	(4,232)	(847)	(5,079)
Transfers	1,050	(134,488)	134,488	1,050
At 31 March 2023	460,314	55,520	2,740,560	3,256,394
Depreciation and impairment				
At 1 April 2022	99,533	-	1,340,356	1,439,889
Depreciation charged in the year	39,157	-	343,411	382,568
Eliminated in respect of disposals	-	-	(155)	(155)
At 31 March 2023	138,690	-	1,683,612	1,822,302
Carrying amount				
At 31 March 2023	321,624	55,520	1,056,948	1,434,092
At 31 March 2022	322,234	140,249	1,023,174	1,485,657

Assets under the course of construction comprise improvements to the site and construction of various large items of plant and machinery, which will not be depreciated until brought into use.

5 Fixed asset investments

	2023 £	2022 £
Shares in group undertakings and participating interests	251,100	251,100
Loans to group undertakings and participating interests	(249,900)	(249,900)
	1,200	1,200

7 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
MM Microwave Limited	England and Wales	Dormant	Ordinary shares	100.00
Sylatech (Retail) Limited	England & Wales	Mail order retail	Ordinary	100.00
MeltX Limited	England and Wales	Research and experimental development on engineering	Ordinary shares	100.00

The registered office of all subsidiaries is the same as this company.

SYLATECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Debtors	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	1,535,723	1,687,173
Amounts owed by group undertakings	281,081	259,410
Other debtors	400,180	291,425
	<u>2,216,984</u>	<u>2,238,008</u>

9 Creditors: amounts falling due within one year	2023	2022
	£	£
Bank loans and overdrafts	886,680	1,051,845
Trade creditors	464,098	660,486
Amounts owed to group undertakings	8,366	7,981
Taxation and social security	139,502	258,730
Other creditors	530,868	417,369
	<u>2,029,514</u>	<u>2,396,411</u>

Bank loans and overdrafts of £836,680 (2022 - £1,001,845) are secured by way of a fixed and floating charge over all of the assets of the company.

Bank loans of £50,000 (2022 - £50,000) are secured by the UK Government under the Coronavirus Business Interruption Loan Scheme.

Included within other creditors is £183,495 (2022 - £159,725) of hire purchase contracts which are secured against the assets to which the contracts relate.

10 Creditors: amounts falling due after more than one year	2023	2022
	£	£
Bank loans and overdrafts	133,333	183,333
Other creditors	734,584	734,502
	<u>867,917</u>	<u>917,835</u>

Bank loans of £133,333 (2022 - £183,333) are secured by the UK Government under the Coronavirus Business Interruption Loan Scheme.

Included within other creditors is £346,917 (2022 - £346,835) of hire purchase contracts which are secured against the assets to which the contracts relate.

SYLATECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Financial commitments, guarantees and contingent liabilities

There is a cross company guarantee in place between this company and CrossCo (1377) Limited, a fellow group company, in relation to bank loans recognised by CrossCo (1377) Limited. At the year end, bank loans of the relevant group company totalled £616,629 (2022 - £660,779), against which Sylatech Limited has pledged its assets as security through a floating charge over all assets of the company, ranking behind the security disclosed in notes 9 and 10.

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
	£	£
	27,517	6,685
	<u>27,517</u>	<u>6,685</u>

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.