

Registration number: 03418673

ARRK EUROPE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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ARRK EUROPE LIMITED

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ARRK EUROPE LIMITED

COMPANY INFORMATION

Directors	S Holmes E Terada R C Vickers
Company secretary	S Holmes
Registered office	Caldwell Road Nuneaton Warwickshire CV11 4NG
Solicitors	Stevens & Bolton LLP Wey House Farnham Road Surrey GU1 4YD
Bankers	HSBC Bank UK PLC HSBC House Mitchell Way Southampton Hampshire SO18 2XU
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

ARRK EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report for the year ended 31 December 2024.

Principal activity

The directors consider the Company to be a key component of the worldwide ARRK Corporation Group and its operations. The principal activities of the Company include design engineering, craftsmanship products, composites, prototyping, tooling and low-volume manufacturing for the automotive, aerospace, motorsport and medical industries.

Fair review of the business

Turnover for the year amounted to £22,205,000 (2023 - £22,373,000). Profit for the year after taxation amounted to £26,000 (2023 - loss of £1,174,000).

Turnover remained steady over the period despite increases in competition. A full review of the operations of each site has been undertaken and has resulted in increased margins through cost efficiencies, whilst retaining competitiveness. The effect of these changes is expected to continue into future years.

Net liabilities at 31 December 2024 were £217,000 (2023 - £243,000).

Due to the size and nature of the business the directors consider the key performance indicators to be turnover and profit/(loss) after taxation. These are monitored on a monthly basis and are discussed above in the review of the business.

These are the key performance indicators upon which the Company is judged by its immediate shareholder, and it should be noted there are no non-financial KPIs.

Principal risks and uncertainties

The execution of the Company's strategy is subject to a number of risks. The process of identifying and managing risk is overseen by the directors and management. The key business risks and uncertainties affecting the Company are summarised as;

Foreign exchange rate risk

The Company trades across the world and a significant proportion of sales are non-sterling denominated. As a result, exchange rate fluctuations impact the results and cash flows of the Company. The Company's Barcelona finance facilities are denominated in non-sterling currency, which acts as a natural hedge.

Raw material supply and pricing fluctuation

The Company requires a consistent supply of raw materials to meet the demand of its customers. Due to the commodity nature of the raw materials, pricing fluctuation and supply delays and shortages pose risks to the Company. To minimise these risks, management has agreed on a list of approved suppliers from whom purchases can be made.

Approved by the board on 25 March 2025 and signed on its behalf by:

Simon Holmes

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S Holmes
Company secretary and director

ARRK EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and the audited financial statements for the year ended 31 December 2024.

Directors' of the Company

The directors, who held office during the year, were as follows:

S Holmes - Company secretary and director

E Terada

R C Vickers

Results and dividends

The profit for the year after taxation amounted to £26,000 (2023 - loss of £1,174,000).

The directors do not recommend the payment of a dividend (2023 - £nil).

Financial instruments

The Company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk.

Price risk

The Company is exposed to commodity price risk. The Company does not manage its exposure to commodity price risk through derivatives due to cost benefit considerations.

Credit risk

The Company's principal financial assets are bank balances, cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Company monitors any significant concentrations of credit risk and mitigates where possible seeking to spread exposure over a large number of counterparties and customers as necessary.

Cash flow risk

Interest bearing assets and liabilities are held at a fixed rate, where appropriate, to ensure certainty of cash flows.

Sales and purchases are transacted in American Dollars and Euros as well as Pounds Sterling which presents a small risk should currency rates fluctuate. However, the overall currency risk is deemed not significant enough to implement any forward contracts or hedging instruments.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long term and short term debt finance.

Future developments

The business continues to enjoy the support of its parent Company and intends to use this support to maintain its profitability. Further investment is planned for 2025 and 2026 to offer new manufacturing services to further increase sales volume as well as streamlining operations to improve efficiencies and save further costs.

Branches outside the United Kingdom

The Company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK in Spain.

Going concern

The profit and loss account shows that the Company made a profit during the reporting period. However, the Company has made losses in previous periods.

The Company is dependent on financial support being provided by the parent Company, ARRK Corporation, and therefore the financial position of ARRK Corporation is a relevant factor in the directors' assessment of going concern. As at 31 December 2024 ARRK Corporation has net assets of £92m and approximately 3,083 employees throughout the world and is well positioned to ensure continued future profitable growth, with reported cash balances of £67m.

ARRK EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

ARRK Corporation has indicated its willingness to provide financial support that may be necessary for the Company to be able to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements. The Directors have satisfied themselves that ARRK Corporation has the necessary financial resources to provide this support during this period, should it be required. Consequently, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Directors' liabilities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Deloitte LLP resigned as auditors of the Company during the year and Hazlewoods LLP were appointed as auditors of the Company by the directors. Hazlewoods LLP has expressed their willingness to continue in office as the Company's auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the board on 25 March 2025 and signed on its behalf by:

Simon Holmes
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S Holmes
Company secretary and director

ARRK EUROPE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

ARRK EUROPE LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRK EUROPE LIMITED****Opinion**

We have audited the financial statements of ARRK Europe Limited (the 'company') for the year ended 31 December 2024, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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:

ARRK EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRK EUROPE LIMITED

- 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.

Responsibilities of directors

As explained more fully in the [set out on page 5], 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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including the UK Companies Act and tax legislation, and, those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

In common with all audits conducted in accordance with ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

ARRK EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRK EUROPE LIMITED

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Paul Fussell

Paul Fussell (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court
Staverton
Cheltenham
GL51 0UX

27/3/2025
Date:.....

ARRK EUROPE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £ 000	2023 £ 000
Turnover	4	22,205	22,373
Cost of sales		<u>(16,383)</u>	<u>(17,484)</u>
Gross profit		5,822	4,889
Administrative expenses		<u>(5,626)</u>	<u>(5,943)</u>
Operating profit/(loss)	5	196	(1,054)
Other income	6	398	460
Other expenses	7	-	(119)
Net finance costs	8	<u>(459)</u>	<u>(431)</u>
Profit/(loss) before tax		135	(1,144)
Tax on profit/(loss)	12	<u>(109)</u>	<u>(30)</u>
Profit/(loss) for the year		<u><u>26</u></u>	<u><u>(1,174)</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

ARRK EUROPE LIMITED**(REGISTRATION NUMBER: 03418673)
BALANCE SHEET AS AT 31 DECEMBER 2024**

	Note	2024 £ 000	2023 £ 000
Fixed assets			
Intangible assets	13	19	21
Tangible assets	14	1,722	1,652
Right of use assets	15	1,175	1,686
		<u>2,916</u>	<u>3,359</u>
Current assets			
Stocks	16	1,480	1,385
Trade and other debtors	17	4,526	4,089
Cash at bank and in hand		2,380	1,395
		<u>8,386</u>	<u>6,869</u>
Creditors: Amounts falling due within one year	18	<u>(10,509)</u>	<u>(8,856)</u>
Net current liabilities		<u>(2,123)</u>	<u>(1,987)</u>
Total assets less current liabilities		793	1,372
Creditors: Amounts falling due after more than one year	19	(780)	(1,385)
Provisions for liabilities	22	<u>(230)</u>	<u>(230)</u>
Net liabilities		<u>(217)</u>	<u>(243)</u>
Capital and reserves			
Called up share capital	23	11,013	11,013
Profit and loss account	23, 24	<u>(11,230)</u>	<u>(11,256)</u>
Total equity		<u>(217)</u>	<u>(243)</u>

Approved by the board on 25 March 2025 and signed on its behalf by:

Simon Holmes

 S Holmes
 Company secretary and director

ARRK EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital	Profit and loss	Total
	£ 000	account	£ 000
	£ 000	£ 000	£ 000
At 1 January 2024	11,013	(11,256)	(243)
Profit for the year	-	26	26
At 31 December 2024	<u>11,013</u>	<u>(11,230)</u>	<u>(217)</u>
	Share capital	Profit and loss	Total
	£ 000	account	£ 000
	£ 000	£ 000	£ 000
At 1 January 2023	11,013	(10,082)	931
Loss for the year	-	(1,174)	(1,174)
At 31 December 2023	<u>11,013</u>	<u>(11,256)</u>	<u>(243)</u>

ARRK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024****1 General information**

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:

Caldwell Road
Nuneaton
Warwickshire
CV11 4NG

These financial statements were authorised for issue by the board on 25 March 2025.

2 Accounting policies**Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

ARRK Europe Limited is a private Company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards, but makes amendments, where necessary in order to comply with with Companies Act 2006 and has set out below where disclosure exemptions have been taken.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures'.
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
 - paragraph 79(a)(iv) of IAS 1
(reconciliation of number of shares at the beginning and end of the period)
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'
(reconciliations between the carrying amount at the beginning and end of the period)
 - paragraph 118(e) of IAS 38, 'Intangible assets'
(reconciliations between the carrying amount at the beginning and end of the period)
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).

ARRK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024****Going concern**

The profit and loss account shows that the Company made a profit during the reporting period. However, the Company has made losses in previous periods.

The Company is dependent on financial support being provided by the parent Company, ARRK Corporation, and therefore the financial position of ARRK Corporation is a relevant factor in the directors' assessment of going concern. As at 31 December 2024 ARRK Corporation has net assets of £92m and approximately 3,083 employees throughout the world and is well positioned to ensure continued future profitable growth, with reported cash balances of £67m.

ARRK Corporation has issued a letter of support which indicates its willingness to provide financial support that may be necessary for the Company to be able to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements. The Directors have satisfied themselves that ARRK Corporation has the necessary financial resources to provide this support during this period, should it be required. Accordingly, the financial statements have been prepared on a going concern basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT, and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates, and other similar allowances. Revenue is recognised when the risks and rewards of ownership have been transferred to the customer, being at the point the goods are shipped to the customer or when made available for collection as specified by the customer. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. All other exchange differences are included in the profit and loss account.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences between the Company's taxable profits and its results as stated in the financial statements arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold as it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

ARRK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The rates of amortisation are as follows:

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software	Straight-line over 3 years

Tangible assets

Tangible fixed assets are stated at cost net of depreciation. The rates of depreciation are as follows:

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land and buildings	Straight-line over 3 to 50 years
Plant and machinery	Straight-line over 3 to 20 years
Right of use assets	Lower of useful life and lease period

Stock

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Defined contribution pension obligation

For defined contribution schemes, the amount charged to the profit and loss account statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture, and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency, and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Company and the lease does not benefit from a guarantee from the Company.

ARRK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in administrative expenses (see note 5).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

ARRK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024****Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured initially at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Adoption of new and revised standards

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2024 that have a material impact on the company's financial statements. These include amendments to IFRS 17 (Insurance Contracts), IAS 8 (Definition of Accounting Estimates), IAS 12 (Deferred Tax).

ARRK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024****3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2 above, the directors are required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

Significant judgements have been made by management in these financial statements in the preparation of the company's stock and dilapidations provisions.

Key sources of estimation uncertainty

Management have assessed stock lines and have estimated the value of stock that requires provision in order to reflect the true value of stock within the financial statements. The carrying amount is £20,385 (2023 - £nil)

Management have estimated the value of dilapidations costs which would be incurred on termination of the property leases. A provision has been created to reflect the future expected costs. The carrying amount is £230,000 (2023 - £230,000)

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2024	2023
	£ 000	£ 000
Prototyping	16,376	17,480
Composites	5,829	4,893
	<u>22,205</u>	<u>22,373</u>

The analysis of the company's turnover for the year by market is as follows:

	2024	2023
	£ 000	£ 000
UK	12,523	13,845
Europe	7,158	5,967
Rest of world	2,524	2,561
	<u>22,205</u>	<u>22,373</u>

5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2024	2023
	£ 000	£ 000
Depreciation expense	774	763
Amortisation expense	8	6
Loss on disposal of property, plant and equipment	<u>15</u>	<u>-</u>

ARRK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024****6 Other operating income**

The analysis of the company's other operating income for the year is as follows:

	2024	2023
	£ 000	£ 000
Miscellaneous other operating income	<u>398</u>	<u>460</u>

Miscellaneous other operating income relates to costs which are recharged to other companies within the group.

7 Other operating expenses

The analysis of the company's other operating expenses for the year is as follows:

	2024	2023
	£ 000	£ 000
Restructuring costs	<u>-</u>	<u>(119)</u>

8 Interest payable and similar expenses

	2024	2023
	£ 000	£ 000
Interest on bank overdrafts and borrowings	21	22
Interest on obligations under finance leases and hire purchase contracts	41	60
Interest paid to group undertakings	327	260
Foreign exchange loss	<u>70</u>	<u>89</u>
	<u>459</u>	<u>431</u>

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2024	2023
	£ 000	£ 000
Wages and salaries	6,772	6,795
Social security costs	752	705
Pension costs, defined contribution scheme	<u>212</u>	<u>206</u>
	<u>7,736</u>	<u>7,706</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2024	2023
	No.	No.
Production	94	102
Administration and support	<u>60</u>	<u>60</u>
	<u>154</u>	<u>162</u>

ARRK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2024	2023
	£ 000	£ 000
Remuneration	166	165
Contributions paid to money purchase schemes	9	8
	<u>175</u>	<u>173</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2024	2023
	No.	No.
Accruing benefits under defined contribution schemes	<u>1</u>	<u>1</u>

It should be noted that only one director is remunerated by ARRK Europe Limited, all other directors are remunerated by other group companies and therefore it is not practical to assign their remuneration to their role as an ARRK Europe Limited director.

11 Auditors' remuneration

	2024	2023
	£ 000	£ 000
Audit of the financial statements	<u>28</u>	<u>79</u>

12 Income tax

Tax charged/(credited) in the profit and loss account

	2024	2023
	£ 000	£ 000
Foreign tax	<u>109</u>	<u>30</u>

The tax on profit/(loss) before tax for the year is higher than the standard rate of corporation tax in the UK (2023 - higher than the standard rate of corporation tax in the UK) of 25% (2023 - 23.52%).

The differences are reconciled below:

	2024	2023
	£ 000	£ 000
Profit/(loss) before tax	<u>135</u>	<u>(1,144)</u>
Corporation tax at standard rate	34	(269)
Decrease from effect of capital allowances depreciation	(81)	-
Increase from effect of revenues exempt from taxation	-	(6)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	9	21
Increase/(decrease) from effect of foreign tax rates	109	(34)
Decrease arising from overseas tax expensed	(93)	-
Deferred tax expense from unrecognised temporary difference from a prior period	131	311
Revaluation and impairments	<u>-</u>	<u>7</u>
Total tax charge	<u>109</u>	<u>30</u>

ARRK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

The Company has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, so that the Company neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

13 Intangible assets

	Software £ 000
Cost or valuation	
At 1 January 2024	460
Additions	7
Disposals	(15)
Foreign exchange movements	(1)
At 31 December 2024	<u>451</u>
Amortisation	
At 1 January 2024	439
Amortisation charge	8
Amortisation eliminated on disposals	(15)
At 31 December 2024	<u>432</u>
Carrying amount	
At 31 December 2024	<u>19</u>
At 31 December 2023	<u>21</u>

14 Tangible assets

	Freehold land and buildings £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation			
At 1 January 2024	1,483	8,065	9,548
Additions	-	434	434
Disposals	(44)	(1,343)	(1,387)
At 31 December 2024	<u>1,439</u>	<u>7,156</u>	<u>8,595</u>
Depreciation			
At 1 January 2024	604	7,292	7,896
Charge for the year	37	248	285
Eliminated on disposal	(40)	(1,268)	(1,308)
At 31 December 2024	<u>601</u>	<u>6,272</u>	<u>6,873</u>
Carrying amount			
At 31 December 2024	<u>838</u>	<u>884</u>	<u>1,722</u>
At 31 December 2023	<u>879</u>	<u>773</u>	<u>1,652</u>

ARRK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

15 Right of use assets

	Leasehold land and buildings £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation			
At 1 January 2024	2,176	932	3,108
Additions	-	307	307
Disposals	<u>(324)</u>	<u>(200)</u>	<u>(524)</u>
At 31 December 2024	<u>1,852</u>	<u>1,039</u>	<u>2,891</u>
Depreciation			
At 1 January 2024	914	508	1,422
Charge for the year	224	265	489
Eliminated on disposal	<u>-</u>	<u>(195)</u>	<u>(195)</u>
At 31 December 2024	<u>1,138</u>	<u>578</u>	<u>1,716</u>
Carrying amount			
At 31 December 2024	<u>714</u>	<u>461</u>	<u>1,175</u>
At 31 December 2023	<u>1,262</u>	<u>424</u>	<u>1,686</u>

16 Stock

	2024 £ 000	2023 £ 000
Raw materials and consumables	738	675
Work in progress	734	651
Finished goods and goods for resale	<u>8</u>	<u>59</u>
	<u>1,480</u>	<u>1,385</u>

17 Trade and other debtors

	2024 £ 000	2023 £ 000
Trade and other debtors falling due within one year		
Trade debtors	3,812	3,464
Amounts owed by Group undertakings	179	116
Loans to related parties	2	4
Accrued income	49	41
Prepayments	394	380
Other debtors	<u>90</u>	<u>84</u>
	<u>4,526</u>	<u>4,089</u>

Amounts owed by Group undertakings are balances owed by other ARRK Group Companies from standard trading. They are unsecured and non-interest bearing. There are no defined repayment dates.

ARRK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024****18 Creditors: amounts falling due within one year**

	2024	2023
	£ 000	£ 000
Trade creditors	1,371	995
Accrued expenses	445	750
Loan amounts owed to Group undertakings	6,489	5,055
Other amounts owed to Group undertakings	1,147	1,155
Social security and other taxes	343	308
Other creditors	143	160
Income tax liability	93	-
Loans and borrowings	467	431
Deferred income	11	2
	<u>10,509</u>	<u>8,856</u>

Loans from Group undertakings are all from ARRK Corporation. Other amounts owed to Group undertakings are operational costs owed to various subsidiaries of ARRK Corporation.

Loans owed to Group undertakings are on an unsecured basis. Interest is payable on loans to group undertakings at the market compatible rates between 5.1% and 5.6%. The loan has an initial term to 31 March 2026.

Other amounts owed to Group undertakings are on payment terms ranging from 30 days to 90 days from invoice date.

19 Creditors: amounts falling due after more than one year

	2024	2023
	£ 000	£ 000
Loans and borrowings	<u>780</u>	<u>1,385</u>

20 Loans and borrowings

	2024	2023
	£ 000	£ 000
Non-current loans and borrowings		
Lease liabilities	<u>780</u>	<u>1,385</u>

Lease obligations are secured against the assets to which they relate.

	2024	2023
	£ 000	£ 000
Current loans and borrowings		
Lease liabilities	<u>467</u>	<u>431</u>

ARRK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024****21 Right of use lease commitments**

The following amounts have been recognised in relation to property and motor vehicle leases:

	2024	2023
	£ 000	£ 000
Additions to 'right-of-use' assets	307	345
Disposal to 'right-of-use' assets	524	295
Depreciation charged on 'right-of-use' asset recognised	489	477
Interest expense recorded on lease liability	41	60
Total cash outflow in relation to leases	539	389

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2024	2023
	£ 000	£ 000
Less than one year	467	431
within two to five years	680	1,016
more than five years	100	369
Total lease liabilities (undiscounted)	<u>1,247</u>	<u>1,816</u>

22 Security provisions

**Dilapidations
provisions
£ 000
230**

At 1 January 2024 and at 31 December 2024

A provision is recognised based on management's best estimate for expected dilapidations costs to be incurred on leased properties.

23 Share capital

	2024		2023	
	No.	£'000	No.	£'000
Authorised				
Ordinary share capital of £1 each	<u>11,013,267</u>	<u>11,013</u>	<u>11,013,267</u>	<u>11,013</u>
Allotted, called-up and fully paid				
Ordinary share capital of £1 each	<u>11,013,267</u>	<u>11,013</u>	<u>11,013,267</u>	<u>11,013</u>

The Ordinary shares each carry one voting right and a return of capital winding up.

24 Reserves

Called up share capital

This represents the nominal value of the issued share capital.

Profit and loss account

ARRK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

This represents the cumulative profit or losses, net of dividends and other adjustments.

25 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £211,951 (2023 - £204,909).

26 Related party transactions

Advantage has been taken of the exemption contained in FRS 101, which does not require the Company to disclose transactions with other wholly owned group companies.

27 Parent and ultimate parent undertaking

The immediate parent of the Company is ARRK Product Development Group Limited, a Company incorporated in the UK. The ultimate parent and controlling party is Mitsui Chemicals Inc., a company incorporated in Japan. Mitsui Chemicals Inc. is the parent of the largest and smallest group into which the results of ARRK Europe Limited are consolidated. Copies of the financial statements of Mitsui Chemicals Inc., are available on request from the parent's registered office at Yaesu Central Tower, Tokyo Midtown Yaesu, 2-2-1 Yaesu Chuo-ku, Tokyo 104-0028, Japan.