

Company Registration No. 02648720

SNAP-ON U.K. HOLDINGS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2022



SNAP-ON U.K. HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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SNAP-ON U.K. HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Cassidy
R J Hamilton
B L Miltz
L K Bateman

REGISTERED OFFICE

Telford Way
Kettering
Northamptonshire
NN16 8SN

BANKERS

Barclays Bank PLC
91-92 High Street
King's Lynn
Norfolk
PE30 1BL

SOLICITORS

Reynolds Porter Chamberlain LLP
St Katharine's Way
London
E1W 1AA

AUDITOR

Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

SNAP-ON U.K. HOLDINGS LIMITED

STRATEGIC REPORT

The directors present their strategic report and the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company is the distribution of quality hand tools, tool storage, and diagnostic and garage equipment to the automotive service industry in the UK and Ireland via its Snap-on Tools franchise division. Further, through the Snap-on Tools industrial division, product is also sold directly to OEM, aerospace, government, education, and transport-industry customers.

The company is also engaged in the design, assembly, and marketing of diagnostic test and service equipment for the transport industry, utilising microcomputer applications and advanced electronics together with the provision of after-sale service and repair facilities. This division supplies primarily the vehicle-service industry, consumers, and motor-vehicle manufacturers in a number of countries and also sells to the franchise channel. Products include engine and exhaust-emission analysers, wheel and brake service equipment, portable hand-held test equipment for vehicle mechanics, car air-conditioning, and electrical-system testers.

In addition, the company has a manufacturing division producing band saws for worldwide distribution together with the sale and distribution of hand tools in the UK and Ireland.

REVIEW OF BUSINESS AND KEY PERFORMANCE INDICATORS

The directors consider the key performance indicators of the company to be turnover, gross profit margin, operating profit, profit after tax, shareholders' funds (as a measure of financial position) and the average number of franchisees. Franchisee numbers are considered to be a non-financial key performance indicator due to this being the primary sales channel for the franchise division.

The impact of COVID-19 for 2022 was minimal, we experienced very low levels of disruption with the franchise network and as such, the route to market was not negatively impacted.

The company made a profit after tax of £12,083k (2021: £16,335k) on a turnover of £188,703k (2021: £196,147k).

Turnover decreased by £7,444k (3.8%) compared with 2021 primarily owing to the prior year being strengthened due to the recovery from the covid impact in 2020. The average number of franchisees and employed stores for 2022 was 403 (2021: 413), representing a natural level of churn. Our ability to add new franchisees to the network was impacted by postponements and delays in driving tests and FCA applications for new franchisees.

The gross profit margin was 31.9% (2021: 32.4%) and operating profit of £15,068k (2021: £19,414k) was down £4,346k (22.4%). This is primarily due to the decrease in turnover noted above plus increased costs, mainly inbound freight charges and greater use of air freight to combat ongoing shipping delays.

During 2022 the company acquired Treadreader (previously Sigmavision), a small business based in Bicester, Oxfordshire. Treadreader manufactures two products that measure tyre tread depth and scan for wear and tear on tyres. During 2022, the Treadreader division reported turnover of £25k and a net loss of £454k.

The company ended 2022 with shareholders' funds of £161,701k (2021: £137,764k).

The average number of persons employed by the company in the year was 509 (2021: 503).

The company continues to maintain the aim of reducing the overall cost base of each division and also to implement appropriate controls in order to reduce its business and financial risks.

Net current assets increased by £9,311k to £105,141k (2021: £95,830k), reflective of the profits noted above.

The company's financial position is further set out on page 18 and this position is consistent in 2023.

SNAP-ON U.K. HOLDINGS LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risk factors include general downturns in the economy, some selling price competition, credit risk attributable to trade debtors, and currency impacts affecting the underlying cost of group products purchased from North America and Asia. Price increases were made during the year to combat inflation and the impact of additional costs to the business. The sales of band-saw products are on a worldwide basis in foreign currencies and revenues and, therefore, are exposed to currency exchange-rate fluctuation against sterling. The currency exposure on these revenues, however, is to some degree offset naturally by exposures on purchases of raw material in foreign currencies.

SECTION 172 STATEMENT

The Directors have regard to the matters set out in Section 172(1) of the Companies Act 2006 when performing their duties to promote the success of the company. When making decisions, the Directors pay due regard to: the likely consequences of decisions in the long term, the interests of stakeholders, the impact actions have on the communities in which the Company operates and the environment, maintaining high standards of business conduct and acting fairly at all times. Our key stakeholders, how we engage with them and consider their needs and concerns are outlined below.

The Marketplace	What matters
	<ul style="list-style-type: none">• Well supported and informed franchisees who are able to uphold the Snap-on brand.• Fair and timely payments to suppliers.• Regular contact with suppliers.• Superior vehicle communications.• Quality products.• Innovation.• Brand. <p>How we engage</p> <ul style="list-style-type: none">• Dedicated teams to support franchisees both in the field and based in head office.• Annual conference held for all UK franchisees in January 2022 to showcase new products and provide opportunity for the directors to engage with the franchisee network.• The Snap-on Tools National Franchise Advisory Council (NFAC) exists to foster and promote a cooperative spirit between the Company and its franchisees and to engage in discussion, activities, and programmes that will serve the common good and the best interest of the Snap-on system. It meets annually and is attended by representatives from the franchise network and the Company.• Dedicated relationship managers with certain key suppliers ensuring regular contact and that any issues are communicated to the board on a timely basis.• Investment in data collection for improving software content.• Customer survey for feedback on products and services.• Customer complaints escalation system.• Quality control processes.

SNAP-ON U.K. HOLDINGS LIMITED

STRATEGIC REPORT (continued)

The Marketplace (continued)	How we respond <ul style="list-style-type: none"> Continuation of the fixed term company store programme which helps to cover vacant territories, giving customers more access to the Snap-on product and also enabled new recruits to work as an employee for 12 months before taking on a franchise. As a result of matters discussed during the NFAC meetings, the board decided to: <ul style="list-style-type: none"> source lifting aids to make moving heavy tool boxes safer and easier for franchisees. launch new software to integrate franchisees' Snap-on software with their own business accounts system. franchisee feedback drives improvements in products and functionality. In response to customer survey feedback the Diagnostics division reduced the use of third party installers and employed two additional installers to its in-house team, improving customer experience.
Our People	What matters <ul style="list-style-type: none"> Opportunities for career and personal development. An inclusive and diverse environment. Open and transparent communication. Staff welfare. How we engage <ul style="list-style-type: none"> Skip Level Review meetings held twice per year providing opportunity for staff to raise issues they wish to discuss with a board representative. Regular updates by the Managing Director. Policies and procedures available on staff online portal. Quarterly all employee meetings. Annual staff surveys. Great place to work committee. Monthly one-to-one meetings with field associates and field managers. How we respond <ul style="list-style-type: none"> The board follows up on any actions identified during Skip Level Review meetings. Staff learning is supported and promotion is encouraged where possible. The company has invested in management training courses for team leaders to assist with personal development and for succession planning.
Our Shareholder	What matters <ul style="list-style-type: none"> Regular communication. Robust financial accounts and internal controls. Delivering revenue and profit targets.

SNAP-ON U.K. HOLDINGS LIMITED

STRATEGIC REPORT (continued)

Our Shareholder (continued)	<p>How we engage</p> <ul style="list-style-type: none"> • Quarterly Business Review meetings to discuss business performance and strategy. • Collaborative relationship with internal audit team. <p>How we respond</p> <ul style="list-style-type: none"> • Rapid Continuous Improvement workshops held to identify areas for improvement. • Actions taken in line with internal audit recommendations.
The Community	<p>What matters</p> <ul style="list-style-type: none"> • Supporting employment in the local area. • Having a positive impact on the community. • Maintaining a well-presented business. <p>How we engage</p> <ul style="list-style-type: none"> • Partner with local college to provide training opportunities. • Support local and national charities. • General manager is a member of local council groups. <p>How we respond</p> <ul style="list-style-type: none"> • Provision of apprenticeship opportunities. • Maintaining premises to a high standard. • Annual meetings with local council.
The Environment	<p>What matters</p> <ul style="list-style-type: none"> • Awareness of environmental issues around our activities. • Reduction of CO2 emissions. • Reduction of manufacturing waste. <p>How we engage</p> <ul style="list-style-type: none"> • Engage with suppliers to reduce packaging and make it recyclable. • Ensure packaging is not product specific, reducing risk of obsolescence. • Building controls on timers/sensors to reduce power usage. • Installation of eight electric car charging units at the SNA site, with the introduction of more hybrid and electric cars into the vehicle fleet. • Contract a third party to oversee procedures and compliance.

SNAP-ON U.K. HOLDINGS LIMITED

STRATEGIC REPORT (continued)

FUTURE DEVELOPMENTS

The US parent company continues to invest in manufacturing facilities in the Asia-Pacific region providing quality lower-cost products in certain key product ranges. Additionally, product manufactured outside of the Snap-on group is actively sought locally to enhance product offering to customers. Also, to support the growing importance of the sale of diagnostic product and related software to the company, the US parent has confirmed its ongoing commitment to research and development in that area.

Approved by the Board of Directors on 28 July 2023 and signed on its behalf by:



P Cassidy
Director

Registered office:

Telford Way
Kettering
Northamptonshire
NN16 8SN

SNAP-ON U.K. HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present the Annual Report, together with the audited financial statements and auditor's report, for the year ended 31 December 2022.

FUTURE DEVELOPMENTS

Future developments can be found in the Strategic Report on page 6 and form part of this report by cross reference.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the balance sheet date are contained in note 25 to the financial statements.

RESEARCH AND DEVELOPMENT

In 2022 the Diagnostics division undertook a research and development project to bring a Particulate Number Counter to the German market for launch in Q2 2023.

GOING CONCERN

The company's business activities, together with the key business-risk factors likely to affect future development and performance, are set out above. The key business risks facing the company of weakness in economic conditions, selling-price competition, credit risk attributable to trade debtors, and foreign exchange rate movements impacting both revenues and also the underlying cost of products purchased from North America and Asia may adversely affect the company's operating results. The currency exposures on these revenues, however, are to some degree offset naturally by exposures on purchase of product.

However, due to the effectiveness of the franchisee business model, the demand for the sale of products in this area has, historically at least, been relatively unaffected by economic weakness.

Given this, the fact that the franchise division is significantly the largest within the company in terms of both sales and operating profit, the varied nature of the individual divisions themselves, and the fact that their activities are spread over differing product ranges, market sectors, customer bases, and countries all tend to mitigate to an extent against the risks the company is exposed to overall.

The company participates in group cash-pooling arrangements which are managed by the treasury department of the US parent company. Through this process cash resources adequate for the ongoing operations of the company are available.

The directors have prepared a cash-flow forecast for the period to 30 September 2024. Based on this and the operating and financing considerations referred to above and taking reasonable account of possible events and trends, the directors believe that the company should be able to continue to operate and manage its business risks for a period of no less than 12 months from the date of signing of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

SNAP-ON U.K. HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

ENERGY AND CARBON REPORTING

We have reported on all sources of GHG emissions and energy usage as required under The Large and Medium – Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

The table below outlines the annual quantities of emissions, in tonnes of carbon dioxide equivalent, resulting from activities for which the company is responsible involving the combustion of gas, the consumption of fuel for the purposes of transport and from the purchase of electricity for its own use.

	Year ended 31 December 2022	Year ended 31 December 2021
Emissions from combustion of gas (Scope 1 – tonnes of CO ₂ e)	569	531
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO ₂ e)	1,221	1,153
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO ₂ e)	761	841
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO ₂ e)	136	73
Total gross CO₂e based on above	2,687	2,598
Energy consumption used to calculate emissions - MWh	7,051	6,863
Kg of CO ₂ e per £'000 revenue	14.24	13.25

We have followed the 2019 UK Government Environmental Reporting Guidelines. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2022 to calculate the above disclosures.

During the year ended 31 December 2022 the company has continued to take steps to improve energy efficiency. The SNA division has eight electric car charging units installed on site and introduced hybrid and electric cars to its company fleet. SNA currently has eight full electric and six hybrid vehicles, and it has now been decided that SNA will only lease electric or plug in hybrid vehicles going forward. SNA continues to work hard to recycle waste and splits metals, cardboard, brass, oils and carbide waste. Electric is one of the highest costs for the factory and various initiatives are put in place each year to try to reduce the usage. Currently the factory has a power factor corrector which reduces the amount of electric usage and any hot air from the compressors is redirected back into the factory for heat. The Diagnostics division has grown its electric vehicle fleet to 4 vehicles at the end of 2022, and is investigating moving some of its engineers to electric vans in future.

Going forward, the SNA division is investigating the implementation of solar panels. They are also currently working on a compressed air leak reduction program and are investigating new compressors to be leased which are more efficient. The Tools division plans to replace its vehicle fleet with hybrid vehicles when the leases are renewed in future years.

DIRECTORS

The directors who served during the year and to the date of this report, unless otherwise stated, were:

S H Jones (resigned 28 February 2023)
B J Young (resigned 6 April 2022)
P Cassidy
R Hamilton (appointed 6 April 2022)
B L Miltz (appointed 10 October 2022)
L K Bateman (appointed 19 January 2023)

SNAP-ON U.K. HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' INDEMNITIES

No qualifying third-party indemnity provisions are held for the benefit of the company's directors.

POLITICAL DONATIONS

No political donations have been made during the year (2021: £nil).

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development, and promotion of disabled persons should, as far as possible, be identical with that of other employees.

ENGAGEMENT WITH EMPLOYEES

Details of how the directors have engaged with employees are contained in the section 172 statement in the Strategic Report.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Details of how the directors have engaged with suppliers, customers and other key stakeholders during the year are contained in the section 172 statement in the Strategic Report.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including credit risk, cash flow risk, and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Cash-flow risk

Treasury management including currency and interest-rate hedging is undertaken as part of the overall risk-management strategy of the Snap-on parent from the USA and there are currently no hedges at the local level.

Credit risk and liquidity risk

The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to these trade debtors. The company has no significant concentration of credit risk, with exposure being spread over a large number of customers and over different business channels. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The company is part of a cash pooling arrangement within the wider Snap-on group, therefore liquidity risk is considered to be low.

DIVIDENDS

No interim dividend was paid during the year (2021: £nil). The directors do not recommend the payment of a final dividend (2021: £nil).

SNAP-ON U.K. HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

AUDITOR

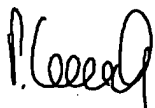
Each of the persons who are directors of the company at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors on 28 July 2023 and signed on its behalf by:



P Cassidy
Director

Registered office:

Telford Way
Kettering
Northamptonshire

NN16 8SN

SNAP-ON U.K. HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNAP-ON U.K. HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Snap-on U.K Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profits for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNAP-ON U.K. HOLDINGS LIMITED (continued)

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 within 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered 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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNAP-ON U.K. HOLDINGS LIMITED (continued)

We obtained an understanding of the legal and regulatory frameworks 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. These included the FCA, UK Franchise Law, UK companies Act, tax legislation and the Pension Regulator; and
- 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.

As a result of performing the above, we identified the greatest potential for fraud in the following: Manual revenue journals given the high number of manual journals processed and our procedures performed to address it are described below:

- Performed inquiries and inspection of supporting materials to assess whether the manual revenue postings were indicative of fraudulent financial reporting; and
- Evaluated the business rationale and legitimacy of a sample of manual journal entries.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. 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 making 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 misstatement due to fraud;
- enquiring of management and external legal counsel 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.

Report on other legal and regulatory requirements

Opinions on other matters 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 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.

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 any material misstatements in the strategic report or the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SNAP-ON U.K. HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

DocuSigned by:

F838D87107704EC...

Christopher Aylott FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

28 July 2023

SNAP-ON U.K. HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	3	188,703	196,147
Cost of sales		<u>(128,426)</u>	<u>(132,575)</u>
GROSS PROFIT		60,277	63,572
Other operating expenses	4	(45,209)	(44,372)
Other operating income	5	<u>-</u>	<u>214</u>
OPERATING PROFIT		15,068	19,414
Finance income/(costs) (net)	9	<u>159</u>	<u>(254)</u>
PROFIT BEFORE TAXATION	6	15,227	19,160
Tax on profit	10	<u>(3,144)</u>	<u>(2,825)</u>
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		<u>12,083</u>	<u>16,335</u>

All of the above results derive from continuing activities.

SNAP-ON U.K. HOLDINGS LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Profit for the financial year		12,083	16,335
Actuarial gain on defined-benefit pension plan	22	15,805	10,342
Movement on UK deferred tax asset attributable to actuarial gain		(3,951)	(1,965)
Movement on UK deferred tax asset attributable to tax rate change		-	(759)
		<hr/>	<hr/>
Total comprehensive income relating to the year attributable to the equity shareholders of the company		<u>23,937</u>	<u>23,953</u>

SNAP-ON U.K. HOLDINGS LIMITED

BALANCE SHEET

As at 31 December 2022

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	11	31	80
Tangible assets	12	16,998	16,266
Investments	13	35,918	35,918
Net defined benefit scheme surplus	22	10,983	-
		<u>63,930</u>	<u>52,264</u>
CURRENT ASSETS			
Stocks	14	54,836	44,827
Debtors	15	71,320	75,638
Cash at bank and in hand		1,476	1,571
		<u>127,632</u>	<u>122,036</u>
CREDITORS: amounts falling due within one year	16	<u>(22,491)</u>	<u>(26,206)</u>
NET CURRENT ASSETS		<u>105,141</u>	<u>95,830</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>169,071</u>	<u>148,094</u>
CREDITORS: amounts falling due after more than one year	17	(28)	(167)
PROVISIONS FOR LIABILITIES	19	<u>(7,342)</u>	<u>(10,163)</u>
NET ASSETS		<u><u>161,701</u></u>	<u><u>137,764</u></u>
CAPITAL AND RESERVES			
Called-up share capital	20	10,452	10,452
Capital contribution	20	5,000	5,000
Share premium account	20	1,359	1,359
Profit and loss account	20	144,890	120,953
SHAREHOLDERS' FUNDS		<u><u>161,701</u></u>	<u><u>137,764</u></u>

The financial statements of Snap-on U.K. Holdings Limited (company number 02648720) were approved by the Board of Directors and authorised for issue on 28 July 2023.

They were signed on its behalf by:



P Cassidy
Director

SNAP-ON U.K. HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Called-up share capital £'000	Capital contribu- tions £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2021	10,452	5,000	1,359	97,000	113,811
Profit for the financial year	-	-	-	16,335	16,335
Actuarial gain on defined benefit pension plan, net of deferred taxation	-	-	-	7,618	7,618
Total comprehensive gain	-	-	-	23,953	23,953
At 31 December 2021	10,452	5,000	1,359	120,953	137,764
Profit for the financial year	-	-	-	12,083	12,083
Actuarial gain on defined benefit pension plan, net of deferred taxation	-	-	-	11,854	11,854
Total comprehensive gain	-	-	-	23,937	23,937
At 31 December 2022	10,452	5,000	1,359	144,890	161,701

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted have been applied consistently in the current and prior year and are described below.

General information and basis of accounting

Snap-on U.K. Holdings Limited (the company) is a company incorporated in the United Kingdom under the Companies Act 2006.

The company is a private company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The principal activities of the company and the nature of its operations are set out in the strategic report on page 2.

These financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. Foreign operations are included in accordance with the policies set out below.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its ultimate parent, Snap-on Incorporated, a company incorporated in the United States of America (see note 24), which prepares publicly available consolidated accounts. As a member of a larger group whose consolidated accounts are publicly available, the company has taken the exemption from preparing consolidated financial statements in accordance with section 401 of the Companies Act 2006. Accordingly, the financial statements present information about the company as an entity, and not as a group. Exemptions have been taken in these separate company financial statements in relation to share-based payments, financial instruments, presentation of a cash-flow statement, remuneration of key management personnel, and related party transactions with group undertakings.

Going concern

The company's business activities, together with the key business-risk factors likely to affect future development and performance, are set out in the Strategic Report on pages 2-6. The key business risks facing the company of weakness in economic conditions, selling-price competition, credit risk attributable to trade debtors, and foreign exchange rate movements impacting both revenues and also the underlying cost of products purchased from North America and Asia may adversely affect the company's operating results. The currency exposures on these revenues, however, are to some degree offset naturally by exposures on purchase of product.

However, due to the effectiveness of the franchisee business model, the demand for the sale of products in this area has, historically at least, been relatively unaffected by economic weakness.

Given this, the fact that the franchise division is significantly the largest within the company in terms of both sales and operating profit, the varied nature of the individual divisions themselves, and the fact that their activities are spread over differing product ranges, market sectors, customer bases, and countries all tend to mitigate to an extent against the risks the company is exposed to overall.

The company participates in group cash-pooling arrangements which are managed by the treasury department of the US parent company. Through this process cash resources adequate for the ongoing operations of the company are available.

The directors have prepared a cash flow forecast for the period to 30 September 2024. Based on this and the operating and financing considerations referred to above and taking reasonable account of possible events and trends, the directors believe that the company should be able to continue to operate and manage its business risks for a period of no less than 12 months from the date of signing these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. No depreciation is provided on freehold land or assets in the course of construction. On other fixed assets, depreciation is provided to write off the cost of each asset on a straight-line basis over their expected useful lives at the following rates:

Freehold buildings	2.5% per annum
Leasehold improvements	10% per annum
Plant and machinery	10-33.3% per annum
Motor vehicles	Over the lease term
Office and computer equipment	10-20% per annum

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value. The company's investments relate wholly to investments in subsidiary undertakings.

Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised and amortised over the period during which the company is expected to benefit, which is three years. Provision is made for any impairment.

Stocks

Stocks are stated at the lower of cost, on a first-in, first-out basis, and net realisable value. Cost includes all direct costs incurred in bringing stock to its present location and condition, including an appropriate proportion of manufacturing overheads.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving, or defective items where appropriate.

Turnover

Turnover comprises the value of sales (excluding VAT, returns, and trade discounts) of goods and services in the normal course of business. Turnover is recognised once the risks and rewards of ownership of goods pass to the customer or as services are delivered. For goods, these risks and rewards are passed as standard to the customer at the point the goods are taken in charge by a carrier. For service contracts, revenue is deferred immediately and recognised evenly over the course of the contract or upon performance milestones, as appropriate to the nature of the contract. For other services rendered, such as repair work, revenue is recognised on a similar basis to goods.

Interest income is recognised when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Impairment of 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.

Non-financial assets

An 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.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired 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. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Financial assets

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.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 are differences between the company's taxable profits and its results as stated in the financial statements that 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.

Unrelieved tax losses and other deferred tax assets are 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.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the company's obligation.

New Tool Returns

Provision is recognised for hand tools and equipment sold to Snap-on franchisees and subsequently returned 'as new', based on the directors' best estimate of the level of such returns. The provision is recognised at the date of sale and reflects the profit margin of the relevant products.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Franchisee deposits

Franchisee deposits represent monies held by Snap-on on behalf of franchisees. The amounts stated are repayable to franchisees on demand.

Finance leases

Leases of assets that transfer substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease terms and the estimated useful life of the asset.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

- e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Financial assets are derecognised when and only when:

- a) the contractual rights to the cash flows from the financial asset expire or are settled,
- b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurements

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward-contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance-sheet date are reported at the rates of exchange prevailing at that date.

Employee benefits

The company provides pensions to its employees through both defined-benefit schemes and defined-contribution schemes.

For defined-benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The net interest cost on the net defined benefit liability is charged to the profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the statement of comprehensive income.

Defined-benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected-unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined-contribution schemes, the amount charged to the profit and loss account 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.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised based on the accrual model. Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants, including the Coronavirus Job Retention Scheme, are credited to the profit and loss account as the related expenditure is incurred.

2. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 accounting judgements

The directors do not deem there to be any critical accounting judgements.

Key sources of estimation uncertainty

Inventories

Snap-on values its inventory at the lower of cost or net realisable value and adjusts for the value of inventory that is estimated to be excess, obsolete or otherwise unmarketable.

Snap-on records allowances for excess and obsolete inventory based on historical and estimated future demand and market conditions. Cost adjustments for each product category life cycle are generally established and maintained based on a combination of historical experience, forecasted sales and promotions, technology obsolescence, inventory age, and other actual known conditions and circumstances.

The carrying value of inventory is disclosed in note 14.

3. TURNOVER AND REVENUE

An analysis of turnover, profit before tax, and net assets by business class and geographical segment has been omitted because the directors consider that disclosing segmental information would be seriously prejudicial to the interests of the company.

An analysis of the company's revenue (including turnover) is as follows:

	2022 £'000	2021 £'000
Sale of goods	177,901	185,296
Rendering of services	10,802	10,851
Total turnover	188,703	196,147
Interest (note 9)	291	13
Grants (note 5)	-	214
Total revenue	188,994	196,374

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

4. OTHER OPERATING EXPENSES

	2022 £'000	2021 £'000
Distribution costs	5,220	4,560
Selling and marketing costs	26,562	25,999
Administrative expenses	13,427	13,813
	<u>45,209</u>	<u>44,372</u>

5. OTHER OPERATING INCOME

	2022 £'000	2021 £'000
Coronavirus Job Retention Scheme grant income	<u>-</u>	<u>214</u>

In 2022, government grants of £nil (2021: £214k) were received in relation to the Coronavirus Job Retention Scheme to provide immediate financial support in relation to the payroll costs of staff placed on furlough during the Covid-19 pandemic. There are no unfulfilled conditions or contingencies attached to this grant.

6. PROFIT BEFORE TAXATION

	2022 £'000	2021 £'000
Profit before taxation is after charging/(crediting):		
Depreciation of tangible assets (note 12)	1,571	1,563
Operating lease rentals:		
Plant and machinery	822	978
Other	302	323
Amortisation of intangible assets (note 11)	49	112
Loss/(Gain) on disposal of tangible assets (note 12)	96	(3)
Foreign exchange loss	470	46
Government grants	(37)	(251)
Research and development expenditure	<u>96</u>	<u>76</u>

Amortisation of intangible assets is included in cost of sales.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2022 £'000	2021 £'000
Directors' remuneration		
Emoluments	314	335
Amounts received under long-term incentive schemes	27	93
Company contributions to defined-contribution pension scheme	15	14
	<u>356</u>	<u>442</u>
Remuneration of the highest-paid director		
Emoluments	207	228
Amounts received under long-term incentive schemes	27	93
Company contributions to defined-contribution pension scheme	10	10
	<u>244</u>	<u>331</u>
 The number of directors who were members of pension schemes was as follows:	No.	No.
Defined-contribution schemes	<u>2</u>	<u>2</u>
Defined-benefit schemes	<u>-</u>	<u>-</u>
 The monthly average number of employees (including directors) was:	2022	2021
Production	60	60
Distribution	106	102
Sales and service	208	207
Administration	135	134
	<u>509</u>	<u>503</u>
 Staff costs during the year (including directors) in respect of these employees were:	£'000	£'000
Wages and salaries (including commission)	21,457	20,967
Social-security costs	2,401	2,339
Other pension costs	2,522	2,658
	<u>26,380</u>	<u>25,694</u>

Other pension costs include employer contributions in relation to the defined-contribution scheme, and actuarial charges of £1,512k (2021: £1,675k) in relation to the defined-benefit scheme.

As at the balance sheet date there were unpaid pension contributions of £157k (2021: £247k), which were paid over in January 2023.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

8. AUDITOR'S REMUNERATION

	2022	2021
	£'000	£'000
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the company's financial statements	301	272
Total audit fees	<u>301</u>	<u>272</u>
Tax compliance services	36	13
Other services	-	-
Total non-audit fees	<u>36</u>	<u>13</u>
Fees payable to the company's auditor in respect of associated pension schemes:		
Audit	<u>23</u>	<u>8</u>

9. FINANCE INCOME/(COSTS) (NET)

	2022	2021
	£'000	£'000
Interest receivable and similar income:		
Intercompany loans	291	13
	<u>291</u>	<u>13</u>
Interest payable and similar expenses:		
Interest payable - third party	31	19
Finance leases	4	7
Net interest cost on defined-benefit liability (note 22)	97	241
	<u>132</u>	<u>267</u>
Finance income/(costs) (net)	<u>159</u>	<u>(254)</u>

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

10. TAX ON PROFIT

	2022 £'000	2021 £'000
The tax charge comprises of:		
Current tax on profit		
United Kingdom corporation tax at 19% (2021: 19%) based on profit for the year	2,651	3,629
Adjustments in respect of prior years	(185)	(22)
Total current tax	<u>2,466</u>	<u>3,607</u>
Deferred tax		
Origination and reversal of timing differences	131	(38)
Deferred tax credit arising on pension obligations	308	(922)
Impact of change in tax rate	-	208
Adjustments in respect of prior years	239	(30)
Total deferred tax (note 18)	<u>678</u>	<u>(782)</u>
Total tax on profit	<u>3,144</u>	<u>2,825</u>

The standard rate of tax applied to reported profit is 19% (2021: 19%). During the year beginning 1 January 2023, the net reversal of deferred tax assets and liabilities, and the change in the short term deferred tax rate is expected to reduce the corporation tax charge for the year by £33k. This is primarily due to an anticipated reduction in the deferred tax asset in relation to the defined benefit pension scheme.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2022 £'000	2021 £'000
Profit before tax	<u>15,227</u>	<u>19,160</u>
Tax on profit at standard rate of 19% (2021: 19%)	2,893	3,640
Factors affecting charge for the year:		
- Non-deductible expenses	48	48
- Accelerated capital allowances	(19)	101
- Short-term timing differences	(271)	(160)
- Movement in deferred-tax assets and liabilities	678	(782)
- Adjustments in respect of prior years	(185)	(22)
Total tax charge for the year	<u>3,144</u>	<u>2,825</u>

The Finance Act 2021, substantively enacted in May 2021, provided for the main rate of corporation tax rate to increase to 25% from 1 April 2023. Accordingly, deferred tax for the year ended 31 December 2021 has been calculated using a tax rate of 19% or 25% depending on when the assets or liabilities are expected to unwind.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

11. INTANGIBLE ASSETS

	Goodwill £'000	Development £'000	Total £'000
Cost			
At 1 January 2022 and 31 December 2022	250	1,651	1,901
Amortisation			
At 1 January 2022	250	1,571	1,821
Charge for year	-	49	49
At 31 December 2022	250	1,620	1,870
Net book value			
At 31 December 2022	-	31	31
At 31 December 2021	-	80	80

Goodwill on acquisitions is written off over 20 years, which the directors estimate to be the period over which benefits may reasonably be expected to come from the relating acquisitions. Provision is made for any impairment in value.

Development is written off over 3 years from the date incurred, which is the period over which the directors expect the company to benefit. The costs related to developed technology are in respect of a license to enable direct access to Ford information, and have been capitalised because the initial benefit of purchasing the license will last for the first three years of incorporating the information into our software offerings.

Development costs have been capitalised in accordance with the requirements of FRS 102 and therefore are not treated, for dividend purposes, as a realised loss.

The aggregate amount of research and development expenditure recognised as an expense during the year was £96k (2021: £76k).

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

12. TANGIBLE ASSETS

	Freehold land and buildings £'000	Leasehold improve- ments £'000	Plant and machinery £'000	Motor vehicles £'000	Office and computer equipment £'000	Assets in the course of construction £'000	Total £'000
Cost							
At 1 January 2022	13,211	1,998	15,286	817	3,396	210	34,918
Transfers	26	-	-	-	77	(103)	-
Additions	94	110	16	-	262	1,863	2,345
Disposals	(113)	(8)	(775)	(54)	(499)	-	(1,449)
At 31 December 2022	13,218	2,100	14,527	763	3,236	1,970	35,814
Depreciation							
At 1 January 2022	4,812	1,964	8,411	511	2,954	-	18,652
Charge for year	365	42	705	137	322	-	1,571
Disposals	(97)	(7)	(775)	(29)	(499)	-	(1,407)
At 31 December 2022	5,080	1,999	8,341	619	2,777	-	18,816
Net book value							
At 31 December 2022	8,138	101	6,186	144	459	1,970	16,998
At 31 December 2021	8,399	34	6,875	306	442	210	16,266

Freehold land amounting to £2,562k (2021: £2,562k) included in the above is not depreciated.

The net carrying amount of assets held under finance leases included in motor vehicles is £140k (2021: £286k).

13. INVESTMENTS

Subsidiary undertakings

	£'000
Cost	
At 1 January 2022 and 31 December 2022	35,918
Provisions for impairment	
At 1 January 2022 and 31 December 2022	-
Net book value	
At 31 December 2022	35,918
At 31 December 2021	35,918

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

13. INVESTMENTS (continued)

The company has investments in the following subsidiary undertakings:

Subsidiary undertakings	Registered address	Principal activity	Shares and voting rights held	Class	%	Carrying value at 31 December 2021 and 31 December 2022 £'000
Snap-on Finance UK Limited	Telford Way, Kettering, Northants NN16 8SN	Credit sales, leasing and franchisee finance	Ordinary		100	1,893
SN Securecorp Sales Limited	Telford Way, Kettering, Northants NN16 8SN	Insurance brokerage	Ordinary		100	100
Norbar Torque Tools Limited	Wildmere Road, Banbury, Oxfordshire OX16 3JU	Manufacture of tools	Ordinary		100	33,925

All of the above investments in subsidiary undertakings are held directly by Snap-on U.K. Holdings Ltd.

14. STOCKS

	2022 £'000	2021 £'000
Raw materials	3,870	3,951
Work-in-progress	623	276
Finished goods and goods for resale	50,343	40,600
	<u>54,836</u>	<u>44,827</u>

The directors consider there to be no material difference between the balance sheet value of stocks and their replacement cost.

15. DEBTORS

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	19,764	19,618
Amounts owed by parent company	-	1
Amounts owed by subsidiary undertakings	12,857	10,338
Amounts owed by group affiliates	36,258	41,689
Deferred taxation (note 18)	-	1,440
UK corporation tax	349	477
Prepayments and accrued income	2,092	2,075
	<u>71,320</u>	<u>75,638</u>

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

15. DEBTORS (continued)

The amounts owed by group undertakings are unsecured and repayable on demand. The above amounts include £22,722k (2021: £20,480k) which relates to intercompany trading and is interest free. The balance of £26,393k (2021: £31,548k) relates to intercompany loans which accrue interest at a variable rate.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Franchisee deposits	1,157	1,484
Trade creditors	2,598	2,855
Amounts owed to subsidiary undertakings	-	8
Amounts owed to group affiliates	10,349	11,133
Finance leases	117	126
Other taxation and social security	1,248	2,092
Accruals and deferred income	7,022	8,508
	<u>22,491</u>	<u>26,206</u>

The amounts owed to group undertakings are unsecured and repayable on demand. The above amounts include £10,349k (2021: £11,141k) which relates to intercompany trading and is interest free.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £'000	2021 £'000
Finance leases	<u>28</u>	<u>167</u>

The future minimum finance lease payments are as follows:

	2022 £'000	2021 £'000
Not later than one year	119	131
Later than one year and not later than five years	28	169
Later than five years	-	-
	<u>147</u>	<u>300</u>
Total gross payments	147	300
Less: finance charges	(2)	(7)
	<u>145</u>	<u>293</u>
Carrying amount of liability	145	293

Finance leases falling due within one year (Note 16)	117	126
Finance leases falling due after more than one year (Note 17)	28	167
	<u>145</u>	<u>293</u>

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

18. DEFERRED TAXATION

	£'000
At 1 January 2022	1,440
Charged to the profit or loss account	(678)
Charged to other comprehensive income	(3,951)
	<u>(3,189)</u>
At 31 December 2022	<u>(3,189)</u>

The deferred tax (liability)/asset is made up as follows:

	2022 £'000	2021 £'000
Pension (note 22)	(2,746)	1,514
Accelerated capital allowances	(1,202)	(869)
Other timing differences	759	795
	<u>(3,189)</u>	<u>1,440</u>

Deferred-tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the company. There is no expiry date on timing differences, unused tax losses or tax credits.

19. PROVISIONS FOR LIABILITIES

	2022 £'000	2021 £'000
Provisions (see below)	7,342	4,108
Net defined benefit pension deficit	-	6,055
	<u>7,342</u>	<u>10,163</u>

	Deferred taxation £'000	NTR provision £'000	Warranty provision £'000	Replacements provision £'000	Other provisions £'000	Total £'000
At 1 January 2022	-	757	303	2,961	87	4,108
Previously recognised in current assets	(1,440)	-	-	-	-	(1,440)
Utilisation of provision	-	(757)	(385)	(2,387)	(87)	(3,616)
Charge to profit and loss account	678	1,058	396	2,105	102	4,339
Charge to other comprehensive income	3,951	-	-	-	-	3,951
At 31 December 2022	<u>3,189</u>	<u>1,058</u>	<u>314</u>	<u>2,679</u>	<u>102</u>	<u>7,342</u>

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

19. PROVISIONS FOR LIABILITIES (continued)

NTR provision

The provision for new tool returns ('NTR') is in respect of hand tools and equipment sold to Snap-on franchisees and subsequently returned 'as new' to Snap-on. It is anticipated that the amounts provided will be utilised in under a year.

Warranty provision

The warranty provision is in respect of hand tools and equipment and represents the estimated future cost of repair/replacement of tools and equipment in relation to sales made. As the tools have a lifetime guarantee, it is not possible to determine over what period the warranty provision will be used.

Replacements provision

The replacements provision is in respect of hand tools and equipment and represents the estimated future cost of replacement of tools and equipment that are not covered by the legal warranty. Due to uncertainty regarding the length of time between an item being sold and then subsequently replaced, it is not possible to determine over what period the replacements provision will be used.

Other provisions

Other provisions are in respect of hand tools and equipment and represents the estimated future cost of tools and equipment returned as a result of the termination of franchisees. It is anticipated that the amounts provided will be utilised in under a year.

20. CALLED-UP SHARE CAPITAL AND RESERVES

	2022 £'000	2021 £'000
Called up, allotted and fully paid		
9,825,015 'A' ordinary shares of £1 each	9,825	9,825
627,129 'B' ordinary shares of £1 each	627	627
	<u>10,452</u>	<u>10,452</u>

The 'A' and 'B' ordinary shares rank *pari passu* in all respects other than for dividend distribution, whereby the directors may in their absolute discretion recommend that a dividend is only paid on the 'A' ordinary shares.

The company's other reserves, as shown in the statement of changes in equity on page 19 are as follows:

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The capital contribution account contains additional capital funding provided upon the company's incorporation in 1991.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The only distributable reserve is the profit and loss account.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

21. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022		2021	
	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000
Within one year	334	714	206	900
Within two to five years	1,232	419	451	674
More than five years	958	-	-	-
	<u>2,524</u>	<u>1,133</u>	<u>657</u>	<u>1,574</u>

22. PENSION SCHEMES

The company operates The Snap-on Tools Limited Pension and Benefit Plan (the 'Plan') within the UK which comprises both a defined-benefit and defined-contribution section. In addition the company has a further defined-contribution scheme for eligible employees. The total defined-contributions pension-cost charge to profit or loss for the year amounted to £1,010k (2021: £983k).

This disclosure covers only the defined-benefit section of the above Plan. All qualifying employees were eligible to join the Plan until it was closed to new entrants from 1 May 2008. The results of the 30 April 2020 actuarial valuation have been updated to 31 December 2022 by Ms Beth Connor, Fellow of the Institute and Faculty of Actuaries. The current and past service cost has been calculated using the projected unit method.

From 1 May 2009 the company contributes into the Plan 12.2% of members' pensionable salaries. The company also paid £2,213k additional contributions into the Plan in the year ended 31 December 2022 (2021: £2,300k).

Under the scheme, the employees are entitled to retirement benefits varying between 1/60 and 1/80 of final salary for each year of service on attainment of their retirement age. No other post-retirement benefits are provided. The scheme is a funded scheme.

The company expects to contribute approximately £1,399k to the Plan in 2023.

The major assumptions used by the actuary were:

	2022	2021
Rate of increase in salaries	3.10%	3.30%
Rate of increase in pensions in payment	2.89%	3.11%
Rate of increase of pension deferment	2.60%	2.70%
Discount rate	4.95%	1.79%
Inflation assumption	3.10%	3.30%
Expected long-term rate of return on assets	<u>4.95%</u>	<u>1.79%</u>

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

22. PENSION SCHEMES (continued)

Investigations have been carried out within the past three years into the mortality experience of the company's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2022 no. of years	2021 no. of years
Retiring today:		
Males	22.4	22.3
Females	24.4	24.3
Retiring in 25 years:		
Males	24.2	24.1
Females	26.4	26.3

The sensitivities regarding the principal assumptions used by the actuary to measure the net scheme asset are set out below:

Assumption	Change in assumption	Impact on net scheme asset
Discount rate	Increase by 1.0%	Increase by 80.9%
Discount rate	Decrease by 1.0%	Decrease by 102.2%
Rate of inflation	Increase by 0.5%	Decrease by 21.3%
Rate of inflation	Decrease by 0.5%	Increase by 20.7%
Mortality	Minus 1 year age rating	Decrease by 17.1%

Amounts recognised in the profit and loss account in respect of the defined-benefit scheme are as follows:

	2022 £'000	2021 £'000
Current service cost	1,512	1,675
Net interest cost	97	241
	<u>1,609</u>	<u>1,916</u>
Recognised in other comprehensive income	(15,805)	(10,342)
Total cost relating to defined-benefit scheme	<u>(14,196)</u>	<u>(8,426)</u>

The amount included in the balance sheet arising from the company's obligations in respect of its defined-benefit scheme is follows:

	2022 £'000	2021 £'000
Present value of defined-benefit obligations	(64,459)	(111,086)
Fair value of scheme assets	75,442	105,031
Net asset/(liability) recognised in the balance sheet	<u>10,983</u>	<u>(6,055)</u>

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

22. PENSION SCHEMES (continued)

Movements in the present value of defined-benefit obligations were as follows:

	2022 £'000	2021 £'000
Defined-benefit obligation at beginning of year	111,086	112,344
Current service cost	1,512	1,675
Interest cost	1,981	1,604
Contributions by plan participants	19	21
Actuarial gain	(50,865)	(2,473)
Effect of experience adjustments	3,111	-
Benefits paid	(2,299)	(2,014)
Insurance premiums for risk benefits	(86)	(71)
Defined-benefit obligation at end of year	<u>64,459</u>	<u>111,086</u>

Movements in the fair value of scheme assets were as follows:

	2022 £'000	2021 £'000
Fair value of assets in the plan at beginning of year	105,031	94,895
Interest income	1,884	1,363
Return on plan assets (excluding amounts included in net interest cost)	(31,949)	7,869
Employer contributions	2,842	2,968
Contributions by plan participants	19	21
Benefits paid	(2,299)	(2,014)
Insurance premiums for risk benefits	(86)	(71)
Fair value of assets in the plan at end of year	<u>75,442</u>	<u>105,031</u>

The analysis of the scheme assets at the balance sheet date was as follows:

	2022 £'000	2021 £'000
Cash and cash equivalents	120	216
Equity instruments	34,568	53,348
Government bonds	17,073	19,857
Corporate bonds	22,433	29,867
Insured pensions	1,248	1,743
Fair value of assets in the plan at end of year	<u>75,442</u>	<u>105,031</u>

23. RELATED-PARTY TRANSACTIONS

As the company is a 100%-owned subsidiary of a group whose consolidated accounts are publicly available, it is exempt from the requirement to disclose transactions with other group undertakings that would otherwise be required under section 33 of FRS 102.

SNAP-ON U.K. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent company is Snap-on Equipment Limited, a company incorporated in the United Kingdom.

The company's ultimate parent company and controlling party is Snap-on Incorporated, a company incorporated in the United States of America. The smallest and largest group in which the results of the company are consolidated is that headed by Snap-on Incorporated, whose principal place of business is at 2801, 80th Street, Kenosha, Wisconsin, 53143. The registered agent of Snap-on Incorporated is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801.

Copies of the consolidated accounts of Snap-on Incorporated can be obtained from the above address.

25. POST BALANCE SHEET EVENTS

There are no adjusting or non-adjusting post balance sheet events.