

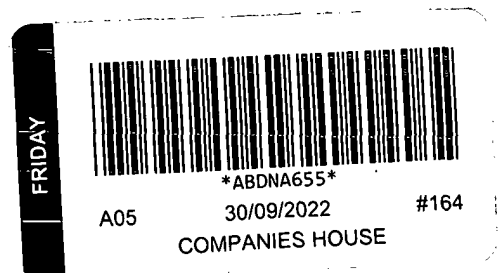
Ionix Systems Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 00592717



Ionix Systems Limited

Company Information

Directors	C A Lampo R A Norwitt
Company secretary	L E D'Amico Abogado Nominees Limited
Registered number	00592717
Registered office	Prospect House Taylor Business Park Risley Warrington WA3 6HP
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

Ionix Systems Limited

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Ionix Systems Limited

Group Strategic Report For the Year Ended 31 December 2021

The Directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the Group is that of a specialist designer and manufacturer of wiring harness and woven systems, providing interconnection solutions for aerospace, defence, power generation and other high performance engineering sectors.

Business review

The principal markets that the Group operates within are the manufacture of high complexity, low to medium volume wiring harnesses for aerospace, defence and industrial applications. 2021 saw a decrease in the company's business activity due to the continuing decline in sales orders from engine manufacturers as the impact of the Covid-19 pandemic has continued to impact Ionix's rate of recovery. Ionix has reacted to this by ensuring that it continues to focus on its cost base, but more importantly, by looking at continued ways to diversify with new customers and new technologies. Therefore, despite the continued challenges that 2021 has brought for the Ionix, the Company was able to ensure that, through its highly skilled and efficient workforce and its constant focus on its costs base, Ionix has been able to adapt and react swiftly to its changing customer's demands.

During 2020 the Group had reacted to the Covid-19 pandemic by placing the upmost importance safety and wellbeing of its employees and their families and by making investments in capital equipment, such as thermal imaging cameras for regular temperature monitoring, as well as the constant provision of PPE to Ionix's employees, both within the UK and in Estonia. This focus also remained of the upmost importance for 2021, with steps such as wearable technology being introduced at factory levels to ensure that a two-meter distance was being maintained between employees at all times.

Despite the reductions in 2021, the Group has still managed to demonstrate its ability to remain a strong manufacturing company by securing significant Long-Term Agreements (LTA) with its key customers. Ionix has also sought to further invest in new technologies which have been facilitated by collaborative training with Amphenol's sister company, FSI, as well as further capital investments, with more investments planned for 2022. This has meant that, even though sales decrease to £11.1m in 2021, compared to £13.9m in 2020, the company has remained profitable during the year. This is a further indication of the dedication and determination of the workforce and the management team within Ionix. It has also a strong relationship with its suppliers that has helped to ensure the company was able to continue to supply its manufactured parts to its end customers during the year, whilst also maintaining a controlled stock level. Due to the company's positive cash flow stream, it continues to also be best placed to take advantage of any competitive pricing on its future stock requirements, although in doing so, this has given rise to an increase in the prior year end inventory balance.

The Group's gross profit for 2021 is 14.5%, compared with 14.8% in 2020 which further indicates the company's ability to continue to operate to its high levels of quality and efficiency whilst still making a profit, even with significantly lower sales in the year.

As the Group looks towards 2022 it knows that its previous strategy of diversification, both in new customers and platforms, will still be a key component in securing its future success. Ionix also intends to further build upon this strategy in 2022 now that it has implemented a large amount of its capital investment plan and intensive employee training schedule. The Group believes that this will also help it return to its higher level of profitability, both in 2022 and in the years that follow, as Ionix has already received and delivered some orders utilizing this new technology.

Finally, the Board would also like to thank the skilled Ionix employees who have been dedicated through this challenging year in supporting the company and its customers. Despite some of the further challenges that the company is seeing in the short-term, due to the continued uncertainty surrounding Brexit, as trade deals between the UK and different countries are still to be finalized, and the impact of the war between Russia and the Ukraine, the fundamentals of the business remain strong, and well placed to ensure the future success of the company.

Ionix Systems Limited

Group Strategic Report (continued) For the Year Ended 31 December 2021

Key Performance Indicators (KPIs)

The key financial KPIs are those documented in the business review above, and mainly focus on Return on Sales, Sales Growth and Overall Profitability Margins. In terms of Strategic KPIs we use a combination of internal and external focused measurements.

Our external measures are driven by our needs to exceed our customers' expectations are:

- On Time and In Full (OTIF) which measures delivery performances in terms of full quantity shipped and delivered on time. This is also measured by our key customers; and
- Parts Per Million (PPM) which measures the rate of quality defect returns against our total products shipped Internally we have many sub KPI's displayed openly to all employees but the main one is Zero Defects project which is measuring our internal efficiency across many areas and ultimately is key to improving our profitability.

Future developments

Looking towards 2022, Ionix is in a much stronger position than it was during the 2020 pandemic and the follow-on effects in 2021, as it has now taken further necessary measures to ensure that its costs are more in line with its current and future sales forecasts. The Group has also secured new contracts with both new and existing customers, as well as securing and delivering some new orders using its exciting new technologies, such as Ionix's investment in fibre optics. This has been aided by collaborations with some of Amphenol's sister companies.

However, Ionix is aware that the continuation of the Covid pandemic may still continue to provide challenges to Ionix in 2022, and therefore the company will still be focusing on keeping its costs in line at a level in line with its sales forecasts, where possible.

Also, in 2022 the Group will face the remaining uncertainties following Brexit, as the trade deals between the UK and other countries are still yet to be finalised which will have an impact on the movement of goods between the UK and Estonia.

Finally, as the war between Russia and the Ukraine continues, this may also be something that has an impact on Ionix in terms of further increases in fuel prices and an increase in supplier lead times, for example.

Despite this, the Group believes that it is in a strong cash, and that combined with its efficient and highly skilled workforce and its continued significant investment in new technologies, that it will help ensure that Ionix can capitalise on new opportunities and continue with its strategy of diversification amongst its customer base.

Principal risks and uncertainties

Due to the nature of the products, brand reputation is a risk for the group. The Directors seek to mitigate the risk to the reputation of the group's brands and maintain the brands' positioning relative to the competition by continuing to invest in quality control.

The group looks to ensure a diverse mix of customers and also negotiates contracts that are of a long-term nature, where possible, to support sustainable performance year on year.

The group uses various financial instruments. These include intragroup loans and various items such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risk arising from the group's financial instruments is credit risk. The Directors do not deem liquidity to be a risk due to no external debt, having strong cash reserves and being part of a successful group.

Ionix Systems Limited

Group Strategic Report (continued) For the Year Ended 31 December 2021

Credit risk

The group's principal financial asset is trade debtors. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Going concern

The Directors have performed a comprehensive review of the Group's ability to continue as a going concern. This review involved the Directors flexing the current budget and forecasts to varying degrees to perform sensitivity analysis to understand how the financial position of the Group may look and therefore put themselves in a position to be able to conclude on the going concern nature of the business.

The Directors consider the liquidity of the Group to be strong. As at 31 December 2021, the Group had immediately available cash reserves of £524k and £8,582k within the Amphenol group cash pooling facility. As at 30 June 2022, this had increased to £887k and decreased to £8,543k respectively. This movement is as a result of the increase in sales that Ionix has been experiencing in previous months and the Company takes this as a positive sign of its continued pattern for future growth.

The Group does not have any external debt and therefore is subject to no financial covenants.

In assessing their view of the likely future financial performance of the Group the Directors considered external market commentary and indicators as to how the markets may react moving forwards, as well expected trading patterns based on customer data following discussions with customers. The key findings from these reports were used by the Directors in building their financial forecasts.

The Directors have prepared financial projections based on their best estimate of future trading conditions through to December 2023. This scenario showed continued liquidity and cash increases throughout this period.

The Directors have put together this forecast based on the current projections from its major customer, as well as any available market intelligence. These forecasts already include several declines in various engine programmes, which have occurred on several occasions throughout 2021, and prior years, due to the Covid pandemic reducing the need for air travel. Although, despite these decreases in sales being considered in the forecasts that have been prepared, the Directors agreed that liquidity remains strong during the period and is forecast to increase by the end of 2022, and again further by the end of 2023.

As the UK has eased the majority of its current Covid restrictions and despite many variations of the virus, and three national lockdowns within in the UK, Ionix Systems has not faced any closures in both the UK and Estonia throughout. This success has been achieved by continued importance placed on the numerous health and safety measures which have been implemented to this day, since the start of the pandemic in 2020, along with some new and additional measures in 2021 and 2022.

It is through the quick reactions of the company that, throughout the whole of the pandemic to date, both the UK and Estonia have continued to keep their respective factories to a continuous operation. This is due to the how the Group's had initially taken, and continues to take today, vital steps to ensure social distancing and other government health & measures are adhered to.

Current trading is positive. Actual performance for the month of June was above the projected performance under the most recent version of the forecast. July trading has also started positively, and the Directors see no basis to suggest that the financial projections should be further sensitised based on current trading, and current customer projections. This is especially true given the introduction of new engine program and the ramp-ups of some others that are currently being forecast.

In conclusion, the stress testing and sensitivity analysis performed when preparing the final versions of the forecast, on both the company's profitability and cash flow, have indicated that it is appropriate for the Group to prepare the financial statements on a going concern basis.

Ionix Systems Limited

Group Strategic Report (continued)
For the Year Ended 31 December 2021

This report was approved by the board on 28 September 2022 and signed on its behalf.



Director : Craig Anthony Lampo

Ionix Systems Limited

Directors' Report For the Year Ended 31 December 2021

The Directors present their report together with the audited Group and company financial statements for the year ended 31 December 2021.

Business review section

A review of the business and its principal risks and uncertainties is set out in the Strategic Report.

Results and dividends

The profit for the year, after taxation, amounted to £8K (2020 - £463K).

Dividends of £Nil were paid during the year (2020 - £Nil) and no dividends were proposed after the year end.

Directors

The Directors who served during the year were:

C A Lampo
R A Norwitt

Employees

Within the bounds of confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Group and are of interest and concern to them as employees.

During the year, the Group gave full and fair consideration to applications for employment by disabled persons, having regard to their personal aptitudes and abilities and to appropriate vacancies. The Group will continue to ensure that disabled employees are considered on the same basis as any other member of staff with regard to training, career development and promotion.

Going concern

The Directors are aware of their duty to assess the ability of the Group to continue as a going concern and in particular are sensitive to this requirement given the current uncertain economic outlook, particularly surrounding the UK economy with regards to Covid-19. Based on this the financial statements have been prepared on a going concern basis. Further details on the basis of preparation are given in the Strategic report and in Note 2 of the financial statements.

Matters covered in the strategic report

Disclosures required under 8416(4) of the Companies Act 2006 are commented upon in the strategic report as the Directors consider them to be of strategic importance to the Group.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director are aware, there is no relevant audit information of which the company and the Group's auditor is unaware; and
- the Director have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Ionix Systems Limited

Directors' Report (continued)
For the Year Ended 31 December 2021

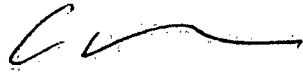
Post balance sheet events

The previous parent undertakings of Ionix Systems Limited, Ionix Holdings Limited and Ionix Aerospace Limited, have remained dormant companies throughout most of their lifespan. To simplify the Ionix group structure, the Directors have taken the decision to dissolve both Ionix Holdings Limited and Ionix Aerospace Limited. This been finalised in January 2022.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 September 2022 and signed on its behalf.



Director : Craig Anthony Lampo

Ionix Systems Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2021

The Directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated Group and company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and company 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). 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 Group and the company and of the profit or loss of the Group 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; 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.

Ionix Systems Limited

Independent Auditor's report to the members of Ionix Systems Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's 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.

We have audited the financial statements of Ionix Systems Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows 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, 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 Group and the Parent 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 Group's and Parent 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.

Ionix Systems Limited

Independent Auditor's report to the members of Ionix Systems Limited (continued)

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. 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.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Ionix Systems Limited

Independent Auditor's report to the members of Ionix Systems Limited (continued)

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.

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.

Based on our understanding and accumulated knowledge of the Group and the sector in which it operates we considered the risks of acts by the Group which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements. These included but are not limited to those that relate to the form and content of the financial statements, such as Group accounting policies, UK GAAP, the Companies Act 2006, relevant taxation legislation, Health and Safety and the Bribery Act 2010.

We determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and revenue cut off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the trade debtor provision, credit note provision and the stock provision;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or including specific keywords;
- Testing a sample of revenue transactions through to goods despatch notes within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- Testing a sample of credit notes in the period and post year end to determine if they have been raised for legitimate business reasons;
- Testing a sample of revenue transactions throughout the year to supporting documentation to determine that they have been invoiced to the correct amounts, price, customer and recognised in the correct period;
- Testing a sample of customer price changes to the appropriate authorisation by management;
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Agreed upon procedures communicated to the overseas component auditor in respect to the risk of management override; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Ionix Systems Limited

Independent Auditor's report to the members of Ionix Systems Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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: <https://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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Steven Roberts

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Steven Roberts (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Manchester

United Kingdom

28 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ionix Systems Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	11,145	13,883
Cost of sales		(9,531)	(11,834)
Gross profit		1,614	2,049
Administrative expenses		(1,686)	(1,336)
Exceptional administrative expenses	10	-	(274)
Other operating income	5	44	28
Operating (loss)/profit	6	(28)	467
Interest receivable and similar income	9	35	50
Profit before tax		7	517
Tax on profit	11	1	(54)
Profit and total comprehensive income for the financial year		8	463

The notes on pages 19 to 36 form part of these financial statements.

Ionix Systems Limited
Registered number: 00592717

Consolidated Statement of Financial Position
As at 31 December 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	12		548		606
Current assets					
Stocks	14	3,621		4,294	
Debtors: amounts falling due within one year	15	12,128		11,173	
Cash at bank and in hand		524		543	
		<u>16,273</u>		<u>16,010</u>	
Creditors: amounts falling due within one year	16	(1,986)		(2,034)	
Net current assets			<u>14,287</u>		<u>13,976</u>
Net assets			<u>14,835</u>		<u>14,582</u>
Capital and reserves					
Called up share capital	19		-		-
Other reserves	20		71		41
Profit and loss account	20		14,764		14,541
Total equity			<u>14,835</u>		<u>14,582</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the period was £99k (2020 - £360k).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

28 September 2022



Director : Craig Anthony Lampo

The notes on pages 19 to 36 form part of these financial statements.

Ionix Systems Limited
Registered number: 00592717

Company Statement of Financial Position
As at 31 December 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	12		433		454
Current assets					
Stocks	14	3,621		4,294	
Debtors: amounts falling due within one year	15	12,077		10,626	
Cash at bank and in hand		480		473	
		<u>16,178</u>		<u>15,393</u>	
Creditors: amounts falling due within one year	16	(2,250)		(1,872)	
Net current assets			<u>13,928</u>		<u>13,521</u>
Net assets			<u><u>14,361</u></u>		<u><u>13,975</u></u>
Capital and reserves					
Called up share capital	19		-		-
Profit and loss account	20		14,361		13,975
Total equity			<u><u>14,361</u></u>		<u><u>13,975</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

28 September 2022


Director: Craig Anthony Lampo

The notes on pages 19 to 36 form part of these financial statements.

Ionix Systems Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	-	41	14,541	14,582
Comprehensive income for the year				
Profit for the year	-	-	8	8
Total comprehensive income for the year	-	-	8	8
Share based payments	-	30	-	30
Capital contribution	-	-	215	215
At 31 December 2021	-	71	14,764	14,835

The notes on pages 19 to 36 form part of these financial statements.

Ionix Systems Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	-	-	14,078	14,078
Comprehensive income for the year				
Profit for the year	-	-	463	463
Total comprehensive income for the year	-	-	463	463
Share based payments	-	41	-	41
At 31 December 2020	-	41	14,541	14,582

The notes on pages 19 to 36 form part of these financial statements.

Ionix Systems Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	-	13,975	13,975
Comprehensive income for the year			
Profit for the year	-	171	171
Total comprehensive income for the year	-	171	171
Capital contribution	-	215	215
At 31 December 2021	-	14,361	14,361

The notes on pages 19 to 36 form part of these financial statements.

Company Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020 (restated)	-	13,615	13,615
Comprehensive income for the year			
Profit for the year (restated)	-	360	360
Total comprehensive income for the year	-	360	360
At 31 December 2020	-	13,975	13,975

The notes on pages 19 to 36 form part of these financial statements.

Ionix Systems Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the financial year	8	463
Adjustments for:		
Depreciation of tangible assets	207	165
Interest received	(35)	(50)
Taxation charge	1	54
Decrease/(increase) in stocks	673	(829)
(Increase)/decrease in debtors	(798)	2,561
Increase/(decrease) in creditors	48	(1,488)
Corporation tax (paid)	(61)	(587)
Foreign exchange differences	53	21
Refund on taxation	-	57
Net cash generated from operating activities	<u>96</u>	<u>367</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(150)	(509)
Interest received	35	50
Net cash from investing activities	<u>(115)</u>	<u>(459)</u>
Interest paid	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	<u>(19)</u>	<u>(92)</u>
Cash and cash equivalents at beginning of year	543	635
Cash and cash equivalents at the end of year	<u>524</u>	<u>543</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	524	543
	<u>524</u>	<u>543</u>

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Ionix Systems Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the Group's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest thousand.

Ionix Systems have voluntarily consolidated in the current year. This was due to Ionix Aerospace Limited & Ionix Holdings Limited being liquidated in the current year. The two trading companies within the current group, Ionix Systems Limited and Ionix Systems Ou, have remained in operation under the new immediate parent, Amphenol Limited.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.3 Parent company exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the Parent Company;
- Disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the company as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the company as a whole.

2.4 Going concern

The Directors have performed a comprehensive review of the Group's ability to continue as a going concern. This review involved the Directors flexing the current budget and forecasts to varying degrees to perform sensitivity analysis to understand how the financial position of the Group may look and therefore put themselves in a position to be able to conclude on the going concern nature of the business.

The Directors consider the liquidity of the Group to be strong. As at 31 December 2021, the Group had immediately available cash reserves of £524k and £8,582k within the Amphenol group cash pooling facility. As at 30 June 2022, this had increased to £887k and decreased to £8,543k respectively. This movement is as a result of the increase in sales that Ionix has been experiencing in previous months and the Company takes this as a positive sign of its continued pattern for future growth.

The Group does not have any external debt and therefore is subject to no financial covenants.

In assessing their view of the likely future financial performance of the Group the Directors considered external market commentary and indicators as to how the markets may react moving forwards, as well as expected trading patterns based on customer data following discussions with customers. The key findings from these reports were used by the Directors in building their financial forecasts.

The Directors have prepared financial projections based on their best estimate of future trading conditions through to December 2023. This scenario showed continued liquidity and cash increases throughout this period.

The Directors have put together this forecast based on the current projections from its major customer, as well as any available market intelligence. These forecasts already include several declines in various engine programmes, which have occurred on several occasions throughout 2021, and prior years, due to the Covid pandemic reducing the need for air travel. Although, despite these decreases in sales being considered in the forecasts that have been prepared, the Directors agreed that liquidity remains strong during the period and is forecast to increase by the end of 2022, and again further by the end of 2023.

As the UK has eased the majority of its current Covid restrictions and despite many variations of the virus, and three national lockdowns within in the UK, Ionix Systems has not faced any closures in both the UK and Estonia throughout. This success has been achieved by continued importance placed on the numerous health and safety measures which have been implemented to this day, since the start of the pandemic in 2020, along with some new and additional measures in 2021 and 2022.

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Going concern (continued)

It is through the quick reactions of the company that, throughout the whole of the pandemic to date, both the UK and Estonia have continued to keep their respective factories to a continuous operation. This is due to the how the Group's had initially taken, and continues to take today, vital steps to ensure social distancing and other government health & measures are adhered to.

Current trading is positive. Actual performance for the month of June was above the projected performance under the most recent version of the forecast. July trading has also started positively, and the Directors see no basis to suggest that the financial projections should be further sensitised based on current trading, and current customer projections. This is especially true given the introduction of new engine program and the ramp-ups of some others that are currently being forecast.

In conclusion, the stress testing and sensitivity analysis performed when preparing the final versions of the forecast, on both the company's profitability and cash flow, have indicated that it is appropriate for the Group to prepare the financial statements on a going concern basis.

2.5 Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to customers. Turnover and profit before taxation are derived from the Group's principal activity. Turnover is recognised when the risk and rewards of ownership have passed to the customer primarily on receipt by the customer.

2.6 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling the transaction when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at operating rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

2.8 Government grants

Payments received under the UK government's Coronavirus Job Retention Scheme are a form of grant. This grant money is receivable as compensation for expenses already incurred. It is recognised in income in the period in which it becomes receivable and the related expense is incurred.

2.9 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.10 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 3-10 years
Computer equipment	- 3-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.14 Stocks

Stocks and work in progress are calculated on an weighted average cost basis and are stated in the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. No element of profit is included in the valuation of work in progress.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.20 Financial instruments

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 the consolidated statement of comprehensive income, 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 statement of financial position 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.

2.21 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification is also charged to consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with fair value of goods and services received.

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2.1, 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. In the opinion of the Directors, there are no estimation uncertainty that would require disclosure in the financial statements.

Critical judgements and sources of estimation uncertainty in applying the Group's accounting policies

The Directors have made the following key judgements and estimates in preparing these financial statements:

- Stock provisions

In the course of normal trading activities management uses its judgement to establish the net realisable value of its stocks. Provisions are established based on advanced orders that have been received up to 3 years in advance. Any stock held that is not required for these orders will be provided for.

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Turnover

The whole of the turnover is attributable to the principal activities of the Group.

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	5,057	4,803
Europe	5,738	2,872
Rest of the world	350	6,208
	<u>11,145</u>	<u>13,883</u>

5. Other operating income

	2021 £000	2020 £000
Government grants receivable	44	28
	<u>44</u>	<u>28</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	207	165
Exchange differences	17	39
Other operating lease rentals		
- land and buildings	323	281
- plant and machinery	7	7
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	28	28
Fees payable to Group's auditor and its associates for non-audit services	3	2
	<u>3</u>	<u>2</u>

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Employees

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	2,190	2,650
Social security costs	431	564
Cost of defined contribution scheme	70	72
	<u>2,691</u>	<u>3,286</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Employees including Directors	<u>49</u>	<u>114</u>

8. Directors' remuneration

In the current and prior year the Directors were remunerated by a fellow Group company and the costs were not recharged to this company, as such no transactions relating to the Directors occurred.

9. Interest receivable and similar income

	2021 £000	2020 £000
Interest receivable from Group companies	<u>35</u>	<u>50</u>

10. Exceptional items

	2021 £000	2020 £000
Redundancy costs	<u>-</u>	<u>274</u>

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	8	109
Adjustments in respect of previous periods	11	(48)
Total current tax	<u>19</u>	<u>61</u>
Deferred tax		
Origination and reversal of timing differences	(8)	(4)
Adjustments in respect of previous periods	-	(1)
Effect of changes in tax rates	(12)	(2)
Total deferred tax	<u>(20)</u>	<u>(7)</u>
Taxation on profit on ordinary activities	<u>(1)</u>	<u>54</u>

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	<u>7</u>	<u>517</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1	97
Effects of:		
Expenses not deductible for tax purposes	11	(8)
Adjustments to tax charge in respect of prior periods	(34)	(32)
Tax rate changes	(12)	(3)
Lower rates on overseas earnings	33	-
Total tax (credit)/charge for the year	<u>(1)</u>	<u>54</u>

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Taxation (continued)

Factors that may affect future tax charges

Under legislation substantively enacted on 17 March 2020, the UK tax rate was planned remain to be 19% from 1 April 2020 onwards. The budget resolution has announced a rise of the UK Corporation tax rate to 25% from 1 April 2022. This has been substantively enacted on 24 May 2021 but has not impacted upon the calculation of deferred tax as at 31 December 2021. The utilisation of the new corporation tax rate proposed in the recent budget will be considered in future periods.

12. Tangible fixed assets

Group

	Plant and machinery £000	Computer equipment £000	Total £000
Cost			
At 1 January 2021	1,055	227	1,282
Additions	108	45	153
Disposals	(12)	-	(12)
Exchange adjustments	(4)	-	(4)
At 31 December 2021	1,147	272	1,419
Depreciation			
At 1 January 2021	506	170	676
Charge for the year	188	19	207
Disposals	(12)	-	(12)
At 31 December 2021	682	189	871
Net book value			
At 31 December 2021	465	83	548
At 31 December 2020	549	57	606

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

12. Tangible fixed assets (continued)

Company

	Plant and machinery £000	Computer equipment £000	Total £000
Cost			
At 1 January 2021	856	179	1,035
Additions	108	40	148
Disposals	(9)	-	(9)
At 31 December 2021	<u>955</u>	<u>219</u>	<u>1,174</u>
Depreciation			
At 1 January 2021	438	143	581
Charge for the year	159	10	169
Disposals	(9)	-	(9)
At 31 December 2021	<u>588</u>	<u>153</u>	<u>741</u>
Net book value			
At 31 December 2021	<u>367</u>	<u>66</u>	<u>433</u>
At 31 December 2020	<u>418</u>	<u>36</u>	<u>454</u>

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Fixed asset investments

**Investments
in subsidiary
companies
£000**

At 31 December 2019 and 31 December 2020

-

Subsidiary undertaking

The following is the only wholly owned subsidiary undertaking of the company:

Name	Principal activity	Registered office
Ionix Systems OU	Manufacture "inert" wiring harnesses	Pikk Street 59b, Kuressare, 93815, Saare maakond, Estonia

14. Stocks

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Raw materials and consumables	2,522	3,332	2,522	3,332
Work in progress	752	409	752	409
Finished goods and goods for resale	347	553	347	553
	<u>3,621</u>	<u>4,294</u>	<u>3,621</u>	<u>4,294</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

15. Debtors: amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade debtors	3,110	1,333	3,109	1,328
Amounts owed by group undertakings	8,648	9,573	8,625	9,035
Other debtors	10	-	-	-
Prepayments and accrued income	28	21	11	17
Tax recoverable	282	217	282	217
Deferred taxation	50	29	50	29
	<u>12,128</u>	<u>11,173</u>	<u>12,077</u>	<u>10,626</u>

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Debtors: amounts falling due within one year (continued)

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £2k (2020 - £Nil).

Intercompany balances arising from trading items are repayable to terms. There is no interest receivable on these unsecured balances. Intercompany balances arising from the cash pooling arrangement are unsecured, due on demand and accrue interest of LIBOR +0.3%.

16. Creditors: amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade creditors	1,140	1,092	1,140	1,093
Amounts owed to group undertakings	-	538	400	538
Other taxation and social security	290	179	291	190
Other creditors	183	225	46	51
Accruals and deferred income	373	-	373	-
	1,986	2,034	2,250	1,872

Intercompany balances arising from trading items are repayable to terms. There is no interest payable on these unsecured balances.

17. Deferred taxation

Group

	2021 £000
At beginning of year	29
Charged to profit or loss	21
At end of year	50

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

17. Deferred taxation (continued)

Company

	2021
	£000
At beginning of year	29
Charged to profit or loss	21
At end of year	50

	Group	Group	Company	Company
	2021	2020	2021	2020
	£000	£000	£000	£000
Fixed asset timing differences	49	28	49	28
Short term timing differences	1	1	1	1
	50	29	50	29

18. Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £70,000 (2020 - £72,130). Contributions totalling £12,146 (2020 - £11,516) were payable to the fund at the reporting date and are included in creditors.

19. Share capital

	2021	2020
	£000	£000
Allotted, called up and fully paid		
10,000 A shares of £0.01 each	-	-

All shares have equal voting rights and full rights to dividends and capital distributions.

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

20. Reserves

The Group's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Other reserves

Other reserves represent the cost reserved for share option issued.

Profit and loss account

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

21. Analysis of net debt

	At 1 January 2021 £000	Cash flows £000	At 31 December 2021 £000
Cash at bank and in hand	543	(19)	524
	<u>543</u>	<u>(19)</u>	<u>524</u>

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

22. Share based payments

The Share Based Payments that are expensed to Ionix Systems Limited by Amphenol Corporation during the year have been expensed on a reasonable basis, and one that is allowed under UK Transfer Pricing Regulations. The basis of this expense is the spread-at-exercise method, whereby the expense recharged from Amphenol Corporation is calculated based on the number of shares and the difference between the exercise price and the strike price.

Stock-Based Compensation

Ionix accounts for its stock options and restricted share awards based on the fair value of the award at the date of the grant and recognises the compensation expense over the service period that the awards are expected to vest. The company recognizes expense for stock-based compensation with graded vesting on a straight-line basis over the vesting period of the entire award. The expense incurred for stock-based compensation plans is included in administrative expenses in the Profit & Loss Account.

Stock Options

In May 2017, Ionix, as a subsidiary of Amphenol Corporation, adopted the Amphenol Corporation 2017 Stock Purchase and Option Plan. A committee of Amphenol's Board of Directors has been authorised to grant stock options according to this plan. Prior to this plan, Ionix adopted the Amphenol Corporation 2009 Stock Purchase and Option Plan, but no additional options will be granted under this plan. Options granted under both plans generally vest rateably over a period of five years from the date of the grant and are generally exercisable over of ten years from the date of the grant.

The grant-date fair value of each option under the grant is estimated using the Black-Scholes option pricing model. The grant-date fair value of each share is determined based on the closing share price of Amphenol Corporation's Common Stock at the date of the grant. The fair value is then amortised on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. Use of a valuation model for option grants requires management to make certain assumptions with respect of selected model inputs. Expected share price volatility is calculated based on the historical volatility of Amphenol Corporation's Common Stock and implied volatility derived from related exchange traded options. The average expected life is based on the contractual term of the option and expected exercise and historical experience. The risk-free interest rate is based on the U.S. Treasury zero-coupon issuances with a remaining term equal to the expected life assumed at the date of the grant.

Ionix Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

23. Commitments under operating leases

At 31 December 2021 the Group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Plant and machinery				
Within 1 year	7	7	7	7
Between 2-5 years	9	16	9	16
	<u>16</u>	<u>23</u>	<u>16</u>	<u>23</u>
	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Land and buildings				
Within 1 year	300	59	88	59
Between 2-5 years	468	383	298	383
Later than 5 years	-	25	-	25
	<u>768</u>	<u>467</u>	<u>386</u>	<u>467</u>

24. Related party transactions

The Group has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the Group.

25. Post balance sheet events

The previous parent companies of Ionix Systems Limited, Ionix Holdings Limited and Ionix Aerospace Limited, have remained dormant companies throughout most of their lifespan. To simplify the Ionix group structure, the Directors have taken the decision to dissolve both Ionix Holdings Limited and Ionix Aerospace Limited. This been finalised in January 2022.

26. Ultimate parent undertaking and controlling party

The Directors regard Amphenol Corporation Inc., a company incorporated in the USA, as the ultimate parent company and the ultimate controlling party.

Amphenol Corporation Inc. is the parent company of the largest Group of which the company is a member and for which Group financial statements are drawn up including the company. Copies of the consolidated financial statements are available from its registered address Amphenol Corporation Inc., 358 Hall Avenue, Wallingford, Connecticut, USA.