

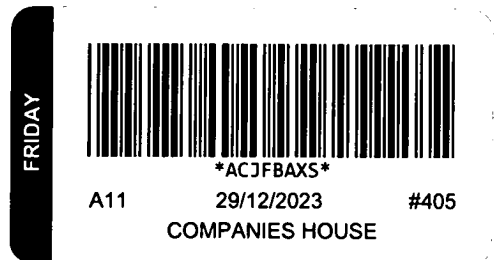
Registration number: 02814569

Connectix Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2023

Lambert Chapman LLP
Chartered Accountants and Registered Statutory Auditors
3 Warners Mill
Silks Way
Braintree
Essex
CM7 3GB



Connectix Limited

Contents

Company Information	1
Strategic Report	2 to 4
Directors' Report	5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 9
Profit and Loss Account	10
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 to 29

Connectix Limited

Company Information

Directors

KA Hancock

M Hancock

T Brown

S Hancock

Company secretary

SJ Hancock

Registered office

500 Avenue West

Skyline 120

Braintree

Essex

CM77 7AA

Auditors

Lambert Chapman LLP

Chartered Accountants and Registered Statutory Auditors

3 Warners Mill

Silks Way

Braintree

Essex

CM7 3GB

Connectix Limited

Strategic Report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Principal activity

The principal activity of the company is the design, manufacture and distribution of end-to-end data and telecoms cabling systems, incorporating copper, fibre optic and enclosure products.

Fair review of the business

Introduction

We see our method of operating continuing in the same way as the previous 30 years.

Although our cabling systems are used in multiple aspects of life, our main markets are -

Enterprise - Small, medium, and large companies, who use data as a day-to-day enhancement of their business. We have supplied hundreds of millions of connections over 30 years, have a huge legacy of installations that continue to be upgraded and moved, which gives us a very strong repeat level of business. We still supply millions of parts a year of the original products we designed from the beginning. This market continues to reinvent itself and we are at the forefront of developing new products to keep pace with our main rivals.

FTTX - Broadband Installations in homes, apartments, estates, and rural areas. We have been supplying into this sector for 13 years. Due to the thirst for super-fast internet and governments pledges, we have seen a rapid uplift in demand which we see continuing for many years. We continue to expand our own ranges to enable us to be a serious player in this market.

Metro Networks - We supply mass fibre connectivity to companies who are building high speed fibre broadband links from city to city and country to country.

Data Centres - we supply data centres with pre-terminated plug and play cabling and bespoke containment.

DIY - We have grown our onsite retail presence significantly over the years and now sell to thousands of DIY customers every month, who are installing small networks into their homes.

Results and performance

Turnover for the year was £50M- up 25% on last year in line with forecast.

Our Enterprise business accounted for 54% of sales and Hardware GP before premises costs was healthy at 52%, held back by the competitive nature of copper and fibre cables (22%)

Our FTTX Sales continues to grow and have started to make significant impact on our future growth.

We Started Connectix Broadband Systems division focusing on the UK Altnet Market.

Over 2022 / 23 we began supplying the US market, this has started to generate significant sales. We now have a partnership with a large US Logistics company and operate from 5 warehouses in California, Chicago and San Francisco - We plan to expand our activity in the US over the coming years where the growth potential for Connectix is significantly larger than the UK market.

Other Countries

Our success in the US has opened our eyes to possibilities in other Countries. We are exploring the potential of setting up in Canada, Australia & New Zealand over 2023/24.

Connectix Limited

Strategic Report for the Year Ended 31 March 2023

Business environment

The UK Market has held up despite the geopolitical issues. Inflation is a concern, but we plan on defending our prices by negotiating lower cost prices as our demand soars.

BUSINESS MODEL

Operational

Connectix opened a new training centre and is now training hundreds of FTTH installers.

We continue to operate our direct supply model with 180,000sq ft of warehousing, 3 factories and training facilities in Braintree, Dublin, Edinburgh, and Milton Keynes.

Expansion plans

We continue to develop FTTH products at a pace and expect to have a full product portfolio over 2023/24. During 2023 we will open an Innovation Centre and triple our design personnel from 3 to 9 staff.

We plan on doubling our Training Personnel and Marketing department by adding a more experienced team who will start making significant improvements to our corporate image both directly and through social media.

Financial Risk Management Objectives and Policies

Introduction

The process of risk acceptance and risk management is addressed through a framework of policies, procedures, and internal controls.

The company's activities expose it to several financial risks. These individual risks are assessed in relation to their impact on the operation. These are as follows:

Cash Flow (Liquidity Risk)

The working capital ratio is reviewed monthly together with cash flow and cash generation in order that the cash requirements (existing and future) of the business can be fully met from existing financial facilities.

The business provides detailed monthly management accounts for HSBC Bank.

Credit Risk

The company's principal financial assets are bank balances and trade debtors.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provision for doubtful debts. A provision is made where there is evidence of the possibility of not being able to recover the debt.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company is aware of all significant concentrations of credit risk and manages counterparties and customers accordingly.

Liquidity Risk

To maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, Connectix uses confidential invoice discounting (CID) facility that allows the company to receive advances of funds against outstanding sales invoices.

Connectix Limited

Strategic Report for the Year Ended 31 March 2023

Price Risk

The company has a fluid pricing policy that ebbs and flows with its costs, giving customers 30 days' notice of any changes where possible.

Currency and Commodity Risk

The company's exposure to currency and commodity risk includes changes in trade payables and receivables because of exchange rate movements. Daily exchange rate movements are monitored, and any losses or gains are reported in the company's internal management information. Consideration is given to utilising financial instruments such as hedging.

Prospects

The Directors believe that the UK communication industry will continue to grow strongly through 2023/24 due to the demand for FTTH products and organic growth in other markets.

The sales forecast for 2023/24 is £56M.

The Directors will also continue to review and consider organisational changes to ensure we drive engagement and motivate every member of our team.

We believe the business is well positioned with long term commitments from most of our key partners; however, we remain conscious of the challenges of an evolving marketplace.

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

Connectix senior management are committed to promoting the success of the company in accordance with section 172 of the Companies Act 2006. The Board ensures that all decisions are taken for the long term, and both collectively and individually aims to always uphold the highest standard of conduct. The Board recognises that the business has the best chance to grow and prosper over the long-term if it understands the needs of its customers, suppliers, employees, and other stakeholders.

The company manages its relationships with its stakeholders through regular communication. The company's engagement with customers includes close relationships with key account managers, corporate hospitality as well as engagement through social media and the company's website.

The company is aware of its environmental responsibilities and specifically, it has worked on removing excess packaging and single use plastics from its operations.

At the heart of the culture of the company, it is the desirability to maintain a reputation of high standards of business conduct at all times and the need to act fairly toward all its employees.

The Directors fulfil their duties in part through delegation of certain day-to-day decisions to its employees. The Board understands the need for a clear governance structure and systems of control to ensure its values are upheld in dealing with stakeholders.

Approved by the Board on 29th December 23 and signed on its behalf by:



KA Hancock
Director

Connectix Limited

Directors' Report for the Year Ended 31 March 2023

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

Directors of the company

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

KA Hancock

M Hancock

T Brown

S Hancock

In the year we took the following energy efficiency actions:

- Installation of low energy lighting across our existing and newly acquired premises
- Greater uptake of low emission and electric vehicles when replacing our fleet
- Continued working from home policies to reduce employee car use

	2022 - 2023	2021 - 2022
UK Energy Use (kWh)	641,297	676,852
Associated Greenhouse Gas Emissions (Tonnes CO2 Equivalent)	131,411	133,209
Intensity Ratios:		
Emissions per £1,000,000 T/O	2,632	3,335
Emissions per Employee	973	945

UK energy use covers manufacturing, sales and distribution activities across Connectix Limited entities

Associated Greenhouse gases have been calculated using UK Government GHG Conversion Factors for Company Reporting 2023.

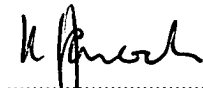
Disclosure of information to the auditors

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

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Lambert Chapman LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 29th December 23 and signed on its behalf by:



KA Hancock
Director

Connectix Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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.

Connectix Limited

Independent Auditor's Report to the Members of Connectix Limited

Opinion

We have audited the financial statements of Connectix Limited (the 'company') for the year ended 31 March 2023, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Connectix Limited

Independent Auditor's Report to the Members of Connectix Limited

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and from our knowledge and experience of the sector within which the company operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, employment, health and safety legislation and the Waste Electrical and Electronic Equipment recycling (WEEE) Regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by;

Connectix Limited

Independent Auditor's Report to the Members of Connectix Limited

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;

- tested journal entries to identify unusual transactions;

- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and

- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;

- enquiring of management as to actual and potential litigation and claims.

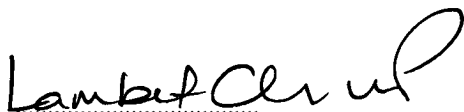
There are inherent limitations in our audit procedures described above. The more removed the laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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



Lisa Greenwood FCCA (Senior Statutory Auditor)
For and on behalf of Lambert Chapman LLP, Statutory Auditor

3 Warners Mill
Silks Way
Braintree
Essex
CM7 3GB

Date: 29.12.2023

Connectix Limited

Profit and Loss Account for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	3	49,935,479	39,943,345
Cost of sales		<u>(39,762,663)</u>	<u>(31,674,180)</u>
Gross profit		10,172,816	8,269,165
Administrative expenses		(8,981,544)	(7,671,110)
Other operating income	4	<u>-</u>	<u>222,013</u>
Operating profit	6	<u>1,191,272</u>	<u>820,068</u>
Other interest receivable and similar income	7	1,319	1,187
Interest payable and similar expenses	8	<u>(317,949)</u>	<u>(329,334)</u>
		<u>(316,630)</u>	<u>(328,147)</u>
Profit before tax		874,642	491,921
Taxation	12	<u>(230,177)</u>	<u>(163,910)</u>
Profit for the financial year		<u><u>644,465</u></u>	<u><u>328,011</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Connectix Limited

Statement of Comprehensive Income for the Year Ended 31 March 2023

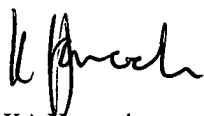
	2023 £	2022 £
Profit for the year	<u>644,465</u>	<u>328,011</u>
Total comprehensive income for the year	<u><u>644,465</u></u>	<u><u>328,011</u></u>

Connectix Limited

(Registration number: 02814569)
Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	135,786	156,810
Tangible assets	14	264,719	299,378
Investments	15	870	870
Other financial assets	16	740,737	626,183
		<u>1,142,112</u>	<u>1,083,241</u>
Current assets			
Stocks	17	14,224,408	15,792,230
Debtors	18	12,722,097	11,733,857
Cash at bank and in hand		2,144,909	981,859
		<u>29,091,414</u>	<u>28,507,946</u>
Creditors: Amounts falling due within one year	20	<u>(25,033,070)</u>	<u>(24,006,385)</u>
Net current assets		<u>4,058,344</u>	<u>4,501,561</u>
Total assets less current liabilities		5,200,456	5,584,802
Creditors: Amounts falling due after more than one year	20	(2,174,932)	(3,200,392)
Provisions for liabilities	21	<u>(32,938)</u>	<u>(36,289)</u>
Net assets		<u>2,992,586</u>	<u>2,348,121</u>
Capital and reserves			
Called up share capital		100	100
Revaluation reserve		173,920	173,920
Retained earnings		<u>2,818,566</u>	<u>2,174,101</u>
Shareholders' funds		<u>2,992,586</u>	<u>2,348,121</u>

Approved and authorised by the Board on 29/4 December 23 and signed on its behalf by:



KA Hancock
 Director

Connectix Limited

Statement of Changes in Equity for the Year Ended 31 March 2023

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 April 2022	100	173,920	2,174,101	2,348,121
Profit for the year	-	-	644,465	644,465
At 31 March 2023	<u>100</u>	<u>173,920</u>	<u>2,818,566</u>	<u>2,992,586</u>

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 April 2021	100	173,920	1,846,090	2,020,110
Profit for the year	-	-	328,011	328,011
At 31 March 2022	<u>100</u>	<u>173,920</u>	<u>2,174,101</u>	<u>2,348,121</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

Connectix Limited

Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the year		644,465	328,011
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	116,789	130,729
Profit on disposal of tangible assets	5	-	(3,000)
Finance income	7	(1,319)	(1,187)
Finance costs	8	317,949	329,334
Income tax expense	12	230,177	163,910
		<u>1,308,061</u>	<u>947,797</u>
Working capital adjustments			
Decrease/(increase) in stocks	17	1,567,822	(3,333,269)
(Increase) in debtors	18	(988,240)	(427,071)
Increase in creditors	20	1,627,569	2,385,207
Cash generated from operations		3,515,212	(427,336)
Income taxes paid	12	(227,993)	(32,919)
Net cash flow from operating activities		<u>3,287,219</u>	<u>(460,255)</u>
Cash flows from investing activities			
Interest received	7	1,319	1,187
Acquisitions of tangible assets		(61,106)	(123,067)
Proceeds from sale of tangible assets		-	3,000
Acquisition of investment properties		(114,554)	(109,485)
Net cash flows from investing activities		<u>(174,341)</u>	<u>(228,365)</u>
Cash flows from financing activities			
Interest paid	8	(317,949)	(329,334)
Proceeds from bank borrowing draw downs		997,674	1,913,606
Repayment of bank borrowing		(2,913,606)	(2,299,060)
Proceeds from other borrowing draw downs		2,913,544	307,121
Repayment of other borrowing		(2,588,337)	(438,549)
Payments to finance lease creditors		(3,763)	(6,348)
Net cash flows from financing activities		<u>(1,912,437)</u>	<u>(852,564)</u>
Net increase/(decrease) in cash and cash equivalents		1,200,441	(1,541,184)
Cash and cash equivalents at 1 April		<u>944,468</u>	<u>2,485,652</u>
Cash and cash equivalents at 31 March		<u>2,144,909</u>	<u>944,468</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is: 500 Avenue West, Skyline 120, Braintree, Essex, CM77 7AA.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for certain items shown at fair value as disclosed in the accounting policies.

These financial statements are presented in Sterling (£), which is the company's functional currency.

Group accounts not prepared

The company has taken the exemption under section 405 of the Companies Act 2006, from the obligation to prepare and deliver group accounts, as its subsidiaries were dormant throughout the period and their inclusion is not material for the purposes of giving a true and fair view.

Judgements

The preparation of the financial statements requires management to make significant judgements and estimates. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events.

Key sources of estimation uncertainty

Goodwill arising on the acquisition of entities has been amortised over an estimated expected useful life of ten years. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation. Amortisation is charged to the profit and loss account. The carrying amount is £135,786 (2022 -£156,810).

The company's freehold investment property is measured at fair value. Fair value is estimated annually by the Directors, based on comparable real estate values. The carrying amount is £740,737 (2022 -£626,183).

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of cable assemblies and related products in the ordinary course of the Company's activities. Turnover is shown net of value added tax.

The Company recognises revenue on dispatch of goods.

Government grants

Government grants have been received in respect of furlough claims resulting from the COVID-19 pandemic. These have been recognised when receivable within the financial statements.

Tax

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

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation.

Depreciation

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Improvements to property	10% Straight line method
Plant and machinery	25% Straight line method
Motor vehicles	10% Reducing balance method

Investment property

The company's freehold investment property is included at their revalued amount based on fair value at the balance sheet date. Fair value is derived from the current market prices for comparable real estate determined annually by the directors opinion. Changes in fair value are recognised in profit or loss.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

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

Asset class	Amortisation method and rate
Patents and trademarks	Straight line method over 5 years
Goodwill	Straight line method over 10 years

Investments

All investment assets acquired by the company are initially recognised at cost and adjusted for fair value where the fair value can be reliably determined.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at transaction price, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the average cost (AVCO) method. Cost represents the expenditure incurred in bringing each product to its present location and condition as follows:

Raw Materials-Purchase cost on a average cost basis
Work in progress - cost of direct material and labour

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised at transaction price.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

3 Revenue

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

	2023	2022
	£	£
Sale of goods	49,815,479	39,822,525
Other revenue	120,000	120,820
	49,935,479	39,943,345

No geographical analysis of turnover is provided as the Directors believe that this would be prejudicial to the best interests of the Company.

4 Other operating income

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

	2023	2022
	£	£
Government grants	-	222,013

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2023	2022
	£	£
Gain on disposal of Tangible assets	-	3,000

6 Operating profit

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation expense	95,765	109,705
Amortisation expense	21,024	21,024
Profit on disposal of property, plant and equipment	-	(3,000)

7 Other interest receivable and similar income

	2023	2022
	£	£
Interest income on bank deposits	215	-
Other finance income	1,104	1,187
	1,319	1,187

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and borrowings	311,983	313,396
Interest on obligations under finance leases and hire purchase contracts	1,041	1,473
Interest expense on other finance liabilities	4,925	14,465
	317,949	329,334

9 Staff costs

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

	2023	2022
	£	£
Wages and salaries	5,738,043	5,448,606
Social security costs	613,368	542,798
Pension costs, defined contribution scheme	95,410	93,039
	6,446,821	6,084,443

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

	2023	2022
	No.	No.
Production	44	53
Administration and support	38	41
Sales	53	50
	135	144

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£	£
Remuneration	668,165	607,278
Contributions paid to money purchase schemes	5,283	5,284
	673,448	612,562

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

	2023	2022
	No.	No.
Accruing benefits under money purchase pension scheme	4	4

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

In respect of the highest paid director:

	2023	2022
	£	£
Remuneration	306,597	277,324
Company contributions to money purchase pension schemes	<u>1,321</u>	<u>1,321</u>

11 Auditors' remuneration

	2023	2022
	£	£
Audit of the financial statements	<u>23,105</u>	<u>20,500</u>

12 Taxation

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

	2023	2022
	£	£
Current taxation		
UK corporation tax	233,529	141,214
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(3,352)</u>	<u>22,696</u>
Tax expense in the income statement	<u>230,177</u>	<u>163,910</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

	2023	2022
	£	£
Profit before tax	<u>874,642</u>	<u>491,921</u>
Corporation tax at standard rate	166,182	93,465
Effect of expense not deductible in determining taxable profit (tax loss)	82,966	79,358
Deferred tax (credit)/expense from unrecognised temporary difference from a prior period	(3,352)	22,696
Decrease in UK and foreign current tax from adjustment for prior periods	-	(570)
Tax decrease from effect of capital allowances and depreciation	<u>(15,619)</u>	<u>(31,039)</u>
Total tax charge	<u>230,177</u>	<u>163,910</u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Deferred tax

Deferred tax assets and liabilities

	Liability
	£
2023	
Accelerated capital allowances	32,938
	32,938
	32,938

	Liability
	£
2022	
Accelerated capital allowances	36,289
	36,289
	36,289

13 Intangible assets

	Goodwill	Trademarks, patents and licenses	Total
	£	£	£
Cost or valuation			
At 1 April 2022	209,370	18,256	227,626
At 31 March 2023	209,370	18,256	227,626
Amortisation			
At 1 April 2022	52,560	18,256	70,816
Amortisation charge	21,024	-	21,024
At 31 March 2023	73,584	18,256	91,840
Carrying amount			
At 31 March 2023	135,786	-	135,786
At 31 March 2022	156,810	-	156,810
	135,786	-	135,786
	156,810	-	156,810

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

14 Tangible assets

	Improvements to property £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation				
At 1 April 2022	484,643	169,956	1,226,499	1,881,098
Additions	-	-	61,106	61,106
At 31 March 2023	<u>484,643</u>	<u>169,956</u>	<u>1,287,605</u>	<u>1,942,204</u>
Depreciation				
At 1 April 2022	391,632	138,292	1,051,796	1,581,720
Charge for the year	14,251	3,167	78,347	95,765
At 31 March 2023	<u>405,883</u>	<u>141,459</u>	<u>1,130,143</u>	<u>1,677,485</u>
Carrying amount				
At 31 March 2023	<u>78,760</u>	<u>28,497</u>	<u>157,462</u>	<u>264,719</u>
At 31 March 2022	<u>93,011</u>	<u>31,664</u>	<u>174,703</u>	<u>299,378</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2023 £	2022 £
Other tangible assets	<u>10,420</u>	<u>15,858</u>

15 Investments

	2023 £	2022 £
Investments in subsidiaries	<u>870</u>	<u>870</u>

		£
Subsidiaries		
Cost or valuation		
At 1 April 2022		<u>870</u>
Provision		
Carrying amount		
At 31 March 2023		<u>870</u>
At 31 March 2022		<u>870</u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2023	2022
Subsidiary undertakings				
Connectix (Mauritius)	Mauritius	Ordinary	100%	100%
Datazone Limited	England	Ordinary	100%	100%
Datazone Direct Limited	England	Ordinary	100%	100%
Triplex Limited	Distribution England	Ordinary	89%	89%

Subsidiary undertakings

Connectix (Mauritius)

The principal activity of Connectix (Mauritius) is Dormant.

Datazone Limited

The principal activity of Datazone Limited is Dormant.

Datazone Direct Limited

The principal activity of Datazone Direct Limited is Dormant.

Triplex Distribution Limited

The principal activity of Triplex Distribution Limited is Dormant.

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

16 Other financial assets (current and non-current)

	Financial assets at fair value through profit and loss £	Total £
Investment properties		
Cost or valuation		
At 1 April 2022	626,183	626,183
Additions	114,554	114,554
	740,737	740,737
At 31 March 2023	740,737	740,737
Impairment		
Carrying amount		
At 31 March 2023	740,737	740,737

17 Stocks

	2023 £	2022 £
Work in progress	271,776	340,602
Other inventories	13,952,632	15,451,628
	14,224,408	15,792,230
	14,224,408	15,792,230

18 Debtors

	2023 £	2022 £
Current		
Trade debtors	8,833,722	7,062,000
Other debtors	3,559,724	3,060,630
Prepayments	328,651	1,611,227
	12,722,097	11,733,857
	12,722,097	11,733,857

Included within other debtors is an amount of £2,182,380 (2022: £1,946,314) - whilst due on demand, it is not expected to be repaid in full within the next 12 months.

Included within other debtors is an amount of £891,615 in respect of a directors loan account, of which the sum of £831,615 is due after more than one year. Whilst the directors loan account is repayable on demand it is not expected to be paid within 12 months

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

19 Cash and cash equivalents

	2023	2022
	£	£
Cash at bank	946,881	293,137
Short-term deposits	<u>1,198,028</u>	<u>688,722</u>
	2,144,909	981,859
Bank overdrafts	<u>-</u>	<u>(37,391)</u>
Cash and cash equivalents in statement of cash flows	<u><u>2,144,909</u></u>	<u><u>944,468</u></u>

20 Creditors

	Note	2023	2022
		£	£
Due within one year			
Loans and borrowings	24	2,634,071	3,240,491
Trade creditors		14,934,441	12,271,785
Social security and other taxes		1,470,157	1,784,789
Other payables		5,333,999	6,013,909
Accrued expenses		357,749	397,962
Corporation tax	12	302,653	297,117
Directors loan		<u>-</u>	<u>332</u>
		<u><u>25,033,070</u></u>	<u><u>24,006,385</u></u>
Due after one year			
Loans and borrowings	24	<u><u>2,174,932</u></u>	<u><u>3,200,392</u></u>

Secured Creditors

A General Pledge has been created in favour of HSBC Bank Plc on 8 June 2018 containing a fixed charge over the assets of the company.

A fixed and floating charge has been created in favour of HSBC Bank Plc on 8th June 2018 over all assets of the company.

A legal mortgage has been created in favour of HSBC Bank Plc on 8 June 2018 over land held by the company.

A fixed and floating charge has been created in favour of HSBC Invoice finance on 27 June 2018 over all the property or undertaking of the company.

An assignment of contract monies has been created in favour of HSBC Bank Plc on 9 August 2018 and 5 December 2023.

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

21 Provisions for liabilities

	Deferred tax £	Total £
At 1 April 2022	36,289	36,289
Increase (decrease) in existing provisions	<u>(3,351)</u>	<u>(3,351)</u>
At 31 March 2023	<u>32,938</u>	<u>32,938</u>

22 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £95,410 (2022 - £93,039).

23 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Rights, preferences and restrictions

Ordinary £1 shares have the following rights, preferences and restrictions:

The Ordinary £1 shares shall be non-redeemable but shall hold full rights in respect of voting, and shall entitle the holder to full participation in respect of equity and in the event of a winding up of the company.

The Ordinary £1 shares of the company carry one voting right per each individual share.

24 Loans and borrowings

	2023 £	2022 £
Non-current loans and borrowings		
Bank borrowings	2,166,667	3,166,666
Hire purchase contracts	8,265	12,337
Other borrowings	<u>-</u>	<u>21,389</u>
	<u>2,174,932</u>	<u>3,200,392</u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

	2023 £	2022 £
Current loans and borrowings		
Bank borrowings	1,997,674	2,913,607
Bank overdrafts	-	37,391
Hire purchase contracts	4,071	3,763
Other borrowings	632,326	285,730
	2,634,071	3,240,491

Bank borrowings

Coronavirus Business Interruption Loan is denominated in £ Sterling with a nominal interest rate of 3.99% above the Bank of England base rate and the final instalment is due on 14 May 2026. The carrying amount at year end is £3,166,667 (2022 - £4,166,666).

Import loan facility is denominated in £ Sterling and € Euro with a nominal interest rate of 2.75% above the Bank of England base rate. The carrying amount at year end is £997,674 (2022 - £1,913,607).

Other borrowings

LDF Loan 2 is denominated in £ Sterling with a nominal interest rate of 10%, and the final instalment is due on 21 April 2022. The carrying amount at year end is £Nil (2022 - £166,667).

LDF Loan 1 is denominated in £ Sterling with a nominal interest rate of 10%, and the final instalment is due on 24 April 2023. The carrying amount at year end is £250,000 (2022 - £Nil).

Pension Scheme Loan is denominated in £ Sterling with a nominal interest rate of 10%, and the final instalment is due on 9 December 2023. The carrying amount at year end is £21,389 (2022 - £48,757).

Business House Finance Loan is denominated in £ Sterling with a nominal interest rate of 0%, and the final instalment is due on 27 December 2023. The carrying amount at year end is £213,014 (2022 - £Nil).

PayPal Loan is denominated in £ Sterling with a fixed fee of £3,901. The carrying amount at the year end is £147,923 (2022 - £91,695)

25 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	1,213,627	1,093,642
Later than one year and not later than five years	1,708,806	2,124,548
Later than five years	1,489,243	1,855,964
	4,411,676	5,074,154

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,229,596 (2022 - £1,137,150).

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

26 Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash and cash equivalents			
Cash	981,859	1,163,050	2,144,909
Overdrafts	(37,391)	37,391	-
	944,468	1,200,441	2,144,909
Borrowings			
Long term borrowings	(3,188,055)	1,021,388	(2,166,667)
Short term borrowings	(3,199,337)	569,337	(2,630,000)
Lease liabilities	(16,100)	3,764	(12,336)
	(6,403,492)	1,594,489	(4,809,003)
	(5,459,024)	2,794,930	(2,664,094)

27 Related party transactions

Key management compensation

	2023 £	2022 £
Salaries and other short term employee benefits	1,077,417	974,353

Income and receivables from related parties

		Other related parties £
2023		
Receipt of services		120,000
2022		
Receipt of services		890,452

Expenditure with and payables to related parties

		Other related parties £
2023		
Purchase of goods		170,286
2022		
Purchase of goods		158,574

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

Loans to related parties

	Key management £	Other related parties £	Total £
2023			
At start of period	687,695	1,946,314	2,634,009
Advanced	223,244	443,839	667,083
Repaid	(19,324)	(207,773)	(227,097)
At end of period	<u>891,615</u>	<u>2,182,380</u>	<u>3,073,995</u>
	Key management £	Other related parties £	Total £
2022			
At start of period	452,233	1,234,494	1,686,727
Advanced	242,582	1,245,639	1,488,221
Repaid	(7,120)	(533,819)	(540,939)
At end of period	<u>687,695</u>	<u>1,946,314</u>	<u>2,634,009</u>