

Registration number: 02814569

Connectix Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2022

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

FRIDAY



ABJXBXGJ

A20

30/12/2022

#133

COMPANIES HOUSE

Connectix Limited

Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 10
Profit and Loss Account	11
Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 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 2022

The directors present their strategic report for the year ended 31 March 2022.

Principal activity

The principal activity of the company is the Design, manufacture and Distribution of end-to-end cabling systems for Data and Telecoms, incorporating Copper, Fibre and Enclosure products.

Fair review of the business

We see our method of operating continuing.

Although our cabling systems are used in all 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 29 years and have a huge legacy of installations that continue to be upgraded and moved, giving us a very strong level of repeat 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 industry demands and our main rivals.

FTTX - Broadband Fibre Installations in homes, apartments, estates, and rural areas. We have been supplying into this sector for 12 years, due to the demand in Broadband and the governments pledges, we have seen a rapid uplift over the last 12 months in demand and can see this really rocketing over the coming years. We have developed our own ranges and expect to have a full complement of systems over the next twelve months to enable us to be a serious player in this market just as the demand really rises.

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 online 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 £40M- up 18% on last year and back to Pre - Covid levels

Our Enterprise business accounted for 59% of sales and Hardware GP was healthy at 54%, held back by the competitive nature of copper cable and fibre cables (19%) - giving us an overall GP of 21%

Our FTTX Sales continues to grow now 30% of our turnover and we expect this to rise rapidly as the Alt-nets begin to start installing on mass & expect our Turnover in this area to increase by 20% in 2022

We plan to start a new Connectix Broadband Systems division in the next 12 months to focus on the UK Alt-net Market

In Early 2022 Connectix won a significant supply contract for a very large FTTH rollout, which should have a significant impact on the company's Turnover and Profit for years to come. - the Contract will start in April 2022 and could last for 10 years.

Connectix Limited

Strategic Report for the Year Ended 31 March 2022

Business environment

The UK Market has now got back to pre-covid activity and sales are now outpacing all previous levels. However, we are wary that the war with Russia / container costs and inflationary issues make the year ahead hard to predict.

At present we feel the market needs to catch up and people's dependency on using data hungry devices is speeding up making the demand for our products higher than ever.

BUSINESS MODEL

Operational

Connectix opened its new training centre in Feb 22 and will now expand its drive into FTTH training to help existing customers to get into the emerging market.

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

Commercial

We continue to develop FTTH products at a pace and expect to have a full product portfolio over 2022.

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.

Connectix Limited

Strategic Report for the Year Ended 31 March 2022

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.

Price Risk

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

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 utilizing financial instruments such as hedging.

PROSPECTS

The Directors believe that the UK communication industry will continue to grow strongly through 2022/2023 due to the demand for FTTH products and organic growth in other markets.

We anticipate our turnover next year to be 50M+ and £60M+ in 23/24.

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 websites.

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 desire 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.

Connectix Limited

Strategic Report for the Year Ended 31 March 2022

Impact of Brexit

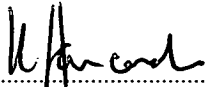
Initially there was some flux, things have settled down and we are used to the new processes with customs etc.

Response to Covid-19

Connectix still has over 40 staff permanently working from home, We still see this as the way forward whilst the threat of Covid and other infections continues.

The majority of our meetings are held online and we feel this is a much safer, cleaner, quicker and productive way to conduct of our meetings for the future.

Approved by the Board on 23rd DECEMBER 22 and signed on its behalf by:


.....
KA Hancock
Director

Connectix Limited

Directors' Report for the Year Ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Director of the company

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

KA Hancock

M Hancock

T Brown

S Hancock

Environmental report

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

	2021 - 2022	2020 - 2021
UK Energy Use (kWh)	676,852	537,850
Associated Greenhouse Gas Emissions (Tonnes CO2 Equivalent)	133,209	111,258
Intensity Ratios:		
Emissions per £1,000,000 T/O	3,335	3,297
Emissions per Employee	945	837

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 2022

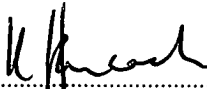
Disclosure of information to the auditors

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 23RD DECEMBER 22 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2022, 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 2022 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 7, 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.

Lambert Chapman LLP

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: *30th December 2022*

Connectix Limited

Profit and Loss Account for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	3	39,943,345	33,746,314
Cost of sales		<u>(31,674,180)</u>	<u>(27,176,113)</u>
Gross profit		8,269,165	6,570,201
Administrative expenses		(7,671,110)	(7,258,485)
Other operating income	4	<u>222,013</u>	<u>900,534</u>
Operating profit	6	<u>820,068</u>	<u>212,250</u>
Other interest receivable and similar income	7	1,187	1,289
Interest payable and similar expenses	8	<u>(329,334)</u>	<u>(133,382)</u>
		<u>(328,147)</u>	<u>(132,093)</u>
Profit before tax		491,921	80,157
Taxation	12	<u>(163,910)</u>	<u>63,771</u>
Profit for the financial year		<u><u>328,011</u></u>	<u><u>143,928</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 2022

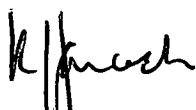
	2022 £	2021 £
Profit for the year	<u>328,011</u>	<u>143,928</u>
Total comprehensive income for the year	<u><u>328,011</u></u>	<u><u>143,928</u></u>

Connectix Limited

**(Registration number: 02814569)
Balance Sheet as at 31 March 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	156,810	177,834
Tangible assets	14	299,378	286,016
Investments	15	870	870
Other financial assets	16	626,183	516,698
		<u>1,083,241</u>	<u>981,418</u>
Current assets			
Stocks	17	15,792,230	12,458,961
Debtors	18	11,733,857	11,306,786
Cash at bank and in hand	19	981,859	2,670,634
		28,507,946	26,436,381
Creditors: Amounts falling due within one year	20	<u>(24,006,385)</u>	<u>(20,303,392)</u>
Net current assets		<u>4,501,561</u>	<u>6,132,989</u>
Total assets less current liabilities		5,584,802	7,114,407
Creditors: Amounts falling due after more than one year	20	(3,200,392)	(5,080,703)
Provisions for liabilities	21	<u>(36,289)</u>	<u>(13,594)</u>
Net assets		<u>2,348,121</u>	<u>2,020,110</u>
Capital and reserves			
Called up share capital	23	100	100
Revaluation reserve		173,920	173,920
Profit and loss account		2,174,101	1,846,090
Total equity		<u>2,348,121</u>	<u>2,020,110</u>

Approved and authorised by the Board on 23rd DECEMBER 22 and signed on its behalf by:


KA Hancock
Director

Connectix Limited

Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
At 1 April 2021	100	173,920	1,846,090	2,020,110
Profit for the year	-	-	328,011	328,011
Total comprehensive income	-	-	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>

	Share capital	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
At 1 April 2020	100	173,920	1,942,162	2,116,182
Profit for the year	-	-	143,928	143,928
Total comprehensive income	-	-	143,928	143,928
Dividends	-	-	(240,000)	(240,000)
At 31 March 2021	<u>100</u>	<u>173,920</u>	<u>1,846,090</u>	<u>2,020,110</u>

The notes on pages 16 to 29 form an integral part of these financial statements.

Connectix Limited

Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		328,011	143,928
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	130,729	121,443
Profit on disposal of tangible assets	5	(3,000)	-
Finance income	7	(1,187)	(1,289)
Finance costs	8	329,334	133,382
Corporation tax	12	163,910	(63,771)
		<u>947,797</u>	<u>333,693</u>
Working capital adjustments			
Increase in stocks	17	(3,333,269)	(2,494,118)
Increase in debtors	18	(427,071)	(394,527)
Increase in creditors	20	2,385,207	1,311,571
Cash generated from operations		(427,336)	(1,243,381)
Corporation tax (paid)/received		<u>(32,919)</u>	<u>70,002</u>
Net cash flow from operating activities		<u>(460,255)</u>	<u>(1,173,379)</u>
Cash flows from investing activities			
Interest received	7	1,187	1,289
Acquisition of subsidiaries	15	-	(868)
Acquisitions of tangible assets		(123,067)	(118,471)
Proceeds from sale of tangible assets		3,000	-
Proceeds from sale of intangible assets		-	868
Acquisition of investment properties		<u>(109,485)</u>	<u>(90,156)</u>
Net cash flows from investing activities		<u>(228,365)</u>	<u>(207,338)</u>
Cash flows from financing activities			
Interest paid	8	(329,334)	(133,382)
Proceeds from bank borrowing draw downs		1,913,606	6,465,727
Repayment of bank borrowing		(2,299,061)	(1,981,665)
Proceeds from other borrowing draw downs		307,121	438,549
Repayment of other borrowing		(438,549)	(655,431)
Payments to finance lease creditors		(6,347)	12,842
Dividends paid		<u>-</u>	<u>(240,000)</u>
Net cash flows from financing activities		<u>(852,564)</u>	<u>3,906,640</u>
Net (decrease)/increase in cash and cash equivalents		(1,541,184)	2,525,923
Cash and cash equivalents at 1 April		<u>2,485,652</u>	<u>(40,271)</u>
Cash and cash equivalents at 31 March		<u>944,468</u>	<u>2,485,652</u>

The notes on pages 16 to 29 form an integral part of these financial statements.

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

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.

These financial statements were authorised for issue by the Board on 23rd December 2022

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 UK and Republic of Ireland'.

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.

Going concern

The financial statements have been prepared on a going concern basis.

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.

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.

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.

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

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% and 20% 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 2022

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 2022

3 Revenue

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

	2022	2021
	£	£
Sale of goods	39,822,525	33,626,079
Other revenue	<u>120,820</u>	<u>120,235</u>
	<u>39,943,345</u>	<u>33,746,314</u>

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:

	2022	2021
	£	£
Government grants	222,013	833,425
Insurance claims	<u>-</u>	<u>67,109</u>
	<u>222,013</u>	<u>900,534</u>

5 Other gains and losses

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

	2022	2021
	£	£
Gain on disposal of property, plant and equipment	<u>3,000</u>	<u>-</u>

6 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	109,705	100,419
Amortisation expense	21,024	21,024
Profit on disposal of property, plant and equipment	<u>(3,000)</u>	<u>-</u>

7 Other interest receivable and similar income

	2022	2021
	£	£
Other finance income	<u>1,187</u>	<u>1,289</u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	313,396	119,192
Interest on obligations under finance leases and hire purchase contracts	1,473	663
Interest expense on other finance liabilities	14,465	13,527
	329,334	133,382

9 Staff costs

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

	2022	2021
	£	£
Wages and salaries	5,448,606	4,734,482
Social security costs	542,798	613,993
Pension costs, defined contribution scheme	93,039	80,412
	6,084,443	5,428,887

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

	2022	2021
	No.	No.
Production	53	62
Administration and support	41	38
Sales	50	47
	144	147

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	607,278	521,702
Contributions paid to money purchase schemes	5,284	5,252
	612,562	526,954

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

	2022	2021
	No.	No.
Accruing benefits under money purchase pension scheme	4	4

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

In respect of the highest paid director:

	2022	2021
	£	£
Remuneration	240,000	170,000
Company contributions to money purchase pension schemes	1,321	1,313
	1,321	1,313

11 Auditors' remuneration

	2022	2021
	£	£
Audit of the financial statements	20,500	19,125
	20,500	19,125

12 Taxation

Tax charged/(credited) in the income statement

	2022	2021
	£	£
Current taxation		
UK corporation tax	141,214	-
UK corporation tax adjustment to prior periods	-	(58,476)
	141,214	(58,476)
Deferred taxation		
Arising from origination and reversal of timing differences	22,696	(5,295)
	22,696	(5,295)
Tax expense/(receipt) in the income statement	163,910	(63,771)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022	2021
	£	£
Profit before tax	491,921	80,157
	491,921	80,157
Corporation tax at standard rate	93,465	15,230
Effect of expense not deductible in determining taxable profit (tax loss)	79,358	34,506
Deferred tax expense/(credit) from unrecognised temporary difference from a prior period	22,696	(5,295)
Decrease in UK and foreign current tax from adjustment for prior periods	(570)	(36,024)
Tax (decrease)/increase from effect of capital allowances and depreciation	(31,039)	5,617
Tax decrease from effect of adjustment in research and development tax credit	-	(77,805)
	-	(77,805)
Total tax charge/(credit)	163,910	(63,771)

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Deferred tax

Deferred tax assets and liabilities

	Liability £
2022	
Accelerated capital allowances	36,289
2021	
Accelerated capital allowances	13,594

13 Intangible assets

	Goodwill £	Trademarks, patents and licenses £	Total £
Cost or valuation			
At 1 April 2021	209,370	18,256	227,626
At 31 March 2022	209,370	18,256	227,626
Amortisation			
At 1 April 2021	31,536	18,256	49,792
Amortisation charge	21,024	-	21,024
At 31 March 2022	52,560	18,256	70,816
Carrying amount			
At 31 March 2022	156,810	-	156,810
At 31 March 2021	177,834	-	177,834

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

14 Tangible assets

	Improvements to property £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation				
At 1 April 2021	475,243	169,956	1,119,957	1,765,156
Additions	9,400	-	113,667	123,067
Disposals	-	-	(7,125)	(7,125)
At 31 March 2022	<u>484,643</u>	<u>169,956</u>	<u>1,226,499</u>	<u>1,881,098</u>
Depreciation				
At 1 April 2021	376,780	134,773	967,587	1,479,140
Charge for the year	14,852	3,519	91,334	109,705
Eliminated on disposal	-	-	(7,125)	(7,125)
At 31 March 2022	<u>391,632</u>	<u>138,292</u>	<u>1,051,796</u>	<u>1,581,720</u>
Carrying amount				
At 31 March 2022	<u>93,011</u>	<u>31,664</u>	<u>174,703</u>	<u>299,378</u>
At 31 March 2021	<u>98,463</u>	<u>35,183</u>	<u>152,370</u>	<u>286,016</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:

	2022 £	2021 £
Other tangible assets	<u>15,858</u>	<u>21,296</u>

15 Investments

	2022 £	2021 £
Investments in subsidiaries	<u>870</u>	<u>870</u>

Subsidiaries

	£
Cost or valuation	
At 1 April 2021	<u>870</u>
Provision	
Carrying amount	
At 31 March 2022	<u>870</u>
At 31 March 2021	<u>870</u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

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	
			2022	2021
Subsidiary undertakings				
Connectix (Mauritius)	Mauritius	Ordinary	100%	100%
Datazone Limited	England	Ordinary	100%	100%
Datazone Direct Limited	England	Ordinary	100%	100%
Triplex Distribution Limited	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 2022

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 2021	516,698	516,698
Additions	109,485	109,485
At 31 March 2022	626,183	626,183
Impairment		
Carrying amount		
At 31 March 2022	626,183	626,183

17 Stocks

	2022	2021
	£	£
Work in progress	340,602	318,663
Other inventories	15,451,628	12,140,298
	15,792,230	12,458,961

18 Debtors

	2022	2021
	£	£
Trade debtors	7,062,000	8,164,278
Other debtors	3,060,630	2,142,746
Prepayments	1,611,227	999,762
	11,733,857	11,306,786

Included within other debtors is an amount of £1,946,314 (2021: £1,234,494) - whilst due on demand, it is not expected to be repaid in full within the next 12 months.

19 Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	293,137	149,950
Short-term deposits	688,722	2,520,684
	981,859	2,670,634
Bank overdrafts	(37,391)	(184,982)
Cash and cash equivalents in statement of cash flows	944,468	2,485,652

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

20 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	24	3,240,491	2,031,000
Trade creditors		12,271,785	8,930,564
Social security and other taxes		1,784,789	2,426,149
Other payables		6,013,909	5,568,298
Accrued expenses		397,962	1,158,153
Corporation tax	12	297,117	188,822
Directors loan		.332	406
		24,006,385	20,303,392
Due after one year			
Loans and borrowings	24	3,200,392	5,080,703

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.

21 Provisions for liabilities

	Deferred tax £	Total £
At 1 April 2021	13,594	13,594
Additional provisions	22,695	22,695
At 31 March 2022	36,289	36,289

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 £93,039 (2021 - £80,412).

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

23 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary of £1 each	100	100	100	100

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

	2022	2021
	£	£
Non-current loans and borrowings		
Bank borrowings	3,166,666	5,000,000
Hire purchase contracts	12,337	16,100
Other borrowings	21,389	64,603
	3,200,392	5,080,703

	2022	2021
	£	£
Current loans and borrowings		
Bank borrowings	2,913,607	1,465,727
Bank overdrafts	37,391	184,982
Hire purchase contracts	3,763	6,347
Other borrowings	285,730	373,944
	3,240,491	2,031,000

Bank borrowings

Import loan facility is denominated in £ Sterling and € Euro with a nominal interest rate of 2.75% above the Bank of England base rate%, and the final instalment is due on . The carrying amount at year end is £1,913,607 (2021 - £1,465,727).

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 £4,166,666 (2021 - £5,000,000).

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Other borrowings

LDF Loan 1 is denominated in £ Sterling with a nominal interest rate of 10%, and the final instalment is due on 1 May 2021. The carrying amount at year end is £Nil (2021 - £251,632).

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 £166,667 (2021 - £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 £48,757 (2021 - £74,810).

PayPal Loan is denominated in £ Sterling with a fixed fee of £1,913, and the final installment was made on 29 April 2022. The carrying amount at the year end is £91,695 (2021 - £Nil)

PayPal Loan is denominated in £ Sterling with a fixed fee of £1,374, and the final installment was made on 3 May 2021. The carrying amount at the year end is £Nil (2021 - £96,259)

25 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	1,093,642	847,168
Later than one year and not later than five years	2,124,548	2,754,849
Later than five years	<u>1,855,964</u>	<u>2,238,997</u>
	<u>5,074,154</u>	<u>5,841,014</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,137,150 (2021 - £899,325).

26 Analysis of changes in net debt

	At 1 April 2021	Cash flows	At 31 March 2022
	£	£	£
Cash and cash equivalents			
Cash	2,670,634	(1,688,775)	981,859
Overdrafts	<u>(184,982)</u>	<u>147,591</u>	<u>(37,391)</u>
	<u>2,485,652</u>	<u>(1,541,184)</u>	<u>944,468</u>
Borrowings			
Long term borrowings	(5,064,603)	1,876,548	(3,188,055)
Short term borrowings	(1,839,671)	(1,359,666)	(3,199,337)
Lease liabilities	<u>(22,447)</u>	<u>6,347</u>	<u>(16,100)</u>
	<u>(6,926,721)</u>	<u>523,229</u>	<u>(6,403,492)</u>
	<u>(4,441,069)</u>	<u>(1,017,955)</u>	<u>(5,459,024)</u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

27 Related party transactions

Key management compensation

	2022	2021
	£	£
Salaries and other short term employee benefits	<u>974,353</u>	<u>806,129</u>

Income and receivables from related parties

		Other related parties
		£
2022		
Receipt of services		<u>890,452</u>

Expenditure with and payables to related parties

		Other related parties
		£
2022		
Purchase of goods		<u>158,574</u>

		Other related parties
		£
2021		
Purchase of goods		<u>206,490</u>

Loans to related parties

	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>

	Key management	Other related parties	Total
	£	£	£
2021			
At start of period	408,596	1,422,042	1,830,638
Advanced	283,637	152,719	436,356
Repaid	(240,000)	(340,267)	(580,267)
At end of period	<u>452,233</u>	<u>1,234,494</u>	<u>1,686,727</u>