

**STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023  
FOR  
HEXATRONIC UK LTD**

Compass Accountants Limited  
Chartered Accountants and Statutory Auditors  
Venture House  
The Tanneries  
East Street  
Titchfield  
Hampshire  
PO14 4AR

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FOR THE YEAR ENDED 31ST DECEMBER 2023**

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# HEXATRONIC UK LTD

## COMPANY INFORMATION FOR THE YEAR ENDED 31ST DECEMBER 2023

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<b>DIRECTORS:</b>	H O L Lyon M Angermund
<b>REGISTERED OFFICE:</b>	Unit B Quay West Business Centre Quay Lane Gosport Hampshire PO12 4LJ
<b>REGISTERED NUMBER:</b>	06329180 (England and Wales)
<b>SENIOR STATUTORY AUDITOR:</b>	Kerry Lawrance FCA
<b>AUDITORS:</b>	Compass Accountants Limited Chartered Accountants and Statutory Auditors Venture House The Tanneries East Street Titchfield Hampshire PO14 4AR
<b>BANKERS:</b>	Danske Bank 75 King William St. London EC4N 7DT

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

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

**REVIEW OF BUSINESS**

The directors believe that the financial statements present a fair and accurate summary of the company's position and provides the necessary information to assess the company's performance and profitability.

Hexatronic UK's main focus is on the FTTH (Fibre To The Home) market in the United Kingdom. This is currently a stable market and there has been substantial investment from both Private and Government institutions. This investment is expected to slow during 2024.

Forecasts predict the market will continue to remain stable for several years to come, with still only 50% of UK homes still able to access full fibre connection. Network Operators build plans to extend out until 2030.

We targeted some sales growth this year by maintaining our strong close relationships with existing customers and focusing our resource to bring in new business and revenue throughout the year from the new customers entering the market. Turnover in 2023 finished at £77.2m, a 1.5% increase (2022: £76.2m).

We established a new storage site in Bicester back in January 2023. The facility provides some additional stock capacity. This increased storage capacity gives customers assurances that we can maintain adequate stock levels at all times. This in addition to our Aylesbury site, which we established in October 2020, offers us further distribution capability which is a service that some of our competitors cannot offer.

With the new site, increased sales and productivity, we have increased our average permanent employee numbers to 103 at the end of the year (2022: 81).

**PRINCIPAL RISKS AND UNCERTAINTIES**

We have the ongoing conflict in Ukraine which has had a negative impact on supply of some raw materials. This will be an ongoing cost risk for some of our products with increased raw material costs.

There is some uncertainty surrounding Global Finance, primarily around the increased costs of borrowing, investors are now more controlled in their funding of infrastructure projects.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

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**SECTION 172(1) STATEMENT**

Section 172 of the companies act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires directors to have regard to, among other matters, the:

- Likely consequences of any decisions in the long term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers, and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the matters set out above. In addition we also have regard to other factors which we consider relevant to the decision being made. Those factors for example include our relationship with our other group companies, the group shareholders, our quality and environmental policy certification boards and our health and safety obligations.

By considering the company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and predictable.

We delegate authority for day to day management of the company to the senior directors and then engage management in setting, approving and overseeing the execution of the business strategy and related policies. Board meetings and senior management meetings are held periodically where the directors consider the company's activities and make decisions. As part of those meetings the directors receive information in a range of different formats to ensure that they have regard to section 172 matters when making relevant decisions.

The company's key stakeholders are its workforce, customers, suppliers, the Hexatronic Group and the Hexatronic Group shareholders. The views of and the impact of the company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. The size and spread of both the Company's stakeholders and the Hexatronic Group means that generally our stakeholder engagement takes place at an operational and group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For examples of this please refer to the Hexatronic Groups:

<https://group.hexatronic.com/hubfs/financial-reports/Hexatronic-Group-AB-Corporate-governance-report-2023.pdf>  
and

<https://group.hexatronic.com/hubfs/financial-reports/Hexatronic-Group-AB-Annual-and-sustainability-report-2023.pdf>.

**DEVELOPMENT AND PERFORMANCE**

At the end of this financial year, the directors are confident that the business will continue to support the market with the same product portfolio, however the level of market activity could decline due to the reduced investments in FTTH. The focus in 2024 will be operational efficiency.

Our technical and sales team will continue to work closely with our customers in developing and maintaining key products in line with market needs and evolution. The potential slow down in Network build may shift the product mix from cable and duct to customer connections products as network operators look to maximise their revenue from their networks.

**KEY PERFORMANCE INDICATORS**

The directors regularly review the performance of the company and have chosen several KPIs to compare this year's results against 2022:

- 1) Turnover: 77.2m (2022 - 76.2m)
- 2) Permanent Employees: 103 (2022 - 81)
- 3) Gross Margin: 21.22% (2022 - 21.05%)

**ON BEHALF OF THE BOARD:**

H O L Lyon - Director

31st May 2024

# HEXATRONIC UK LTD (REGISTERED NUMBER: 06329180)

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2023

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The directors present their report with the financial statements of the company for the year ended 31st December 2023.

### **DIVIDENDS**

No dividends will be distributed for the year ended 31st December 2023.

### **FUTURE DEVELOPMENTS**

During 2023, we have been awarded additional products on a supply agreement with Virgin Media which will provide new income opportunities over the short and long term. We see Virgin Media being a key customer for Hexatronic UK Ltd over the coming years.

We have expanded our presence at our UK headquarters in Gosport, with more space being acquired to allow for increased production, warehousing and R&D. This will significantly increase our capacity to serve our expanding customer base.

We now have a stable senior management team in place, including the appointment of a new COO. This new structure puts in place the building blocks for the operational improvements for 2024 and beyond.

### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1st January 2023 to the date of this report.

H O L Lyon  
M Angermund

### **ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS**

We continue to take every opportunity to engage with our suppliers, customers and associated trade / quality bodies. Whenever possible we meet customers face to face at customer premises or one of our 2 sites here in the UK. We also actively participate in industry specific events both in the UK and internationally to enable engagement.

When face to face meetings are not possible, we reach out through social media and have many meetings via Microsoft teams.

### **STREAMLINED ENERGY AND CARBON REPORTING**

UK annual quantity of emissions in tonnes of CO2 equivalent resulting from activities for which the company is responsible involving consumption of fuel for the purposes of transport - 6 tonnes of CO2

Annual quantity of emissions in tonnes of CO2 equivalent resulting from the purchase of electricity for its own use, including for the purposes of transport - 189,000 KWh

The information above has been taken from the company's energy providers covering the 2 UK sites in Gosport and Aylesbury.

One ratio which expresses the company's annual emissions in relation to a quantifiable factor associated with the company's activities is as follows:

Energy Intensity, MWh/MGBP sales 2.44

The company is always looking at ways of increasing its energy efficiency and will aim to reduce the electric consumption in both of the UK sites by installing PIR sensor lighting systems. We will also be increasing the proportion of travel free meetings by using a more digital approach.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Compass Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

H O L Lyon - Director

31st May 2024

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HEXATRONIC UK LTD

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## Opinion

We have audited the financial statements of Hexatronic UK Ltd (the 'company') for the year ended 31st December 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 31st December 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.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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

## Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## Matters on which we are required to report by exception

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

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.

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HEXATRONIC UK LTD

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## **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

## **Auditors' responsibilities for the audit of the financial statements**

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

- We gained an understanding of the legal and regulatory framework applicable to the company and the sector in which it operates through discussions with management, sector research, and the application of relevant audit knowledge and experience
- We made enquiries of management around actual and potential litigation and claims
- We made enquiries of management and relevant staff, and designed our audit procedures, including reviewing financial statement disclosures and testing of supporting documentation, to assess compliance with applicable laws and regulations. We focussed on laws and regulations which could give rise to material misstatement in the financial statements including, but not limited to, the Companies Act 2006 and the Financial Reporting Standard 102
- We identified the risk of material misstatement of the financial statements due to fraud and designed audit procedures to respond to the risk. We performed audit procedures designed to address the risk of fraud arising from management override of controls, including, but not limited to, testing of journal entries and other adjustments, reviewing accounting estimates for evidence of bias, and evaluating the business rationale of significant transactions outside the normal course of business

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the accounts or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the accounts, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

## **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 a Report of the Auditors 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.

Kerry Lawrance FCA (Senior Statutory Auditor)  
for and on behalf of Compass Accountants Limited  
Chartered Accountants and Statutory Auditors  
Venture House  
The Tanneries  
East Street  
Titchfield  
Hampshire  
PO14 4AR

3rd June 2024

**HEXATRONIC UK LTD (REGISTERED NUMBER: 06329180)****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

	Notes	31.12.23 £	31.12.22 £
<b>REVENUE</b>		77,242,927	76,200,908
Cost of sales		60,853,723	60,161,629
<b>GROSS PROFIT</b>		16,389,204	16,039,279
Administrative expenses		8,151,699	6,421,896
<b>OPERATING PROFIT</b>	4	8,237,505	9,617,383
Interest receivable and similar income		1,858	-
		8,239,363	9,617,383
Interest payable and similar expenses	5	499,339	153,450
<b>PROFIT BEFORE TAXATION</b>		7,740,024	9,463,933
Tax on profit	6	1,509,170	1,834,256
<b>PROFIT FOR THE FINANCIAL YEAR</b>		6,230,854	7,629,677
<b>OTHER COMPREHENSIVE INCOME</b>			
Share option reserve		20,100	31,001
Income tax relating to other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		20,100	31,001
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		6,250,954	7,660,678

The notes form part of these financial statements

**HEXATRONIC UK LTD (REGISTERED NUMBER: 06329180)****BALANCE SHEET  
31ST DECEMBER 2023**

	Notes	31.12.23 £	£	31.12.22 £	£
<b>FIXED ASSETS</b>					
Property, plant and equipment	7		1,530,958		1,306,266
<b>CURRENT ASSETS</b>					
Inventories	8	17,090,734		30,343,250	
Debtors	9	9,395,647		9,095,194	
Cash at bank		-		94	
		<u>26,486,381</u>		<u>39,438,538</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	10	<u>5,534,203</u>		<u>24,561,778</u>	
<b>NET CURRENT ASSETS</b>			<u>20,952,178</u>		<u>14,876,760</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>22,483,136</u>		<u>16,183,026</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	11		-		(2,481)
<b>PROVISIONS FOR LIABILITIES</b>	13		<u>(368,394)</u>		<u>(316,757)</u>
<b>NET ASSETS</b>			<u>22,114,742</u>		<u>15,863,788</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		2,000		2,000
Other reserves	15		100,144		80,044
Retained earnings	15		22,012,598		15,781,744
<b>SHAREHOLDERS' FUNDS</b>			<u>22,114,742</u>		<u>15,863,788</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31st May 2024 and were signed on its behalf by:

H O L Lyon - Director

**HEXATRONIC UK LTD (REGISTERED NUMBER: 06329180)****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
<b>Balance at 1st January 2022</b>	2,000	8,152,067	49,043	8,203,110
<b>Changes in equity</b>				
Total comprehensive income	-	7,629,677	31,001	7,660,678
<b>Balance at 31st December 2022</b>	<u>2,000</u>	<u>15,781,744</u>	<u>80,044</u>	<u>15,863,788</u>
<b>Changes in equity</b>				
Total comprehensive income	-	6,230,854	20,100	6,250,954
<b>Balance at 31st December 2023</b>	<u>2,000</u>	<u>22,012,598</u>	<u>100,144</u>	<u>22,114,742</u>

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

	Notes	31.12.23 £	31.12.22 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,826,160	2,174,423
Interest paid		(499,339)	(153,450)
Tax paid		(1,867,770)	(1,790,571)
Net cash from operating activities		<u>459,051</u>	<u>230,402</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(459,916)	(225,890)
Sale of tangible fixed assets		5,906	-
Interest received		1,858	-
Net cash from investing activities		<u>(452,152)</u>	<u>(225,890)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(6,993)	(4,512)
Net cash from financing activities		<u>(6,993)</u>	<u>(4,512)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(94)</u>	<u>-</u>
<b>Cash and cash equivalents at beginning of year</b>	2	94	94
<b>Cash and cash equivalents at end of year</b>	2	<u>-</u>	<u>94</u>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

<b>1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS</b>		
	31.12.23	31.12.22
	£	£
Profit before taxation	7,740,024	9,463,933
Depreciation charges	226,076	188,813
Loss on disposal of fixed assets	3,242	9,268
Share option reserve	20,100	31,001
Finance costs	499,339	153,450
Finance income	(1,858)	-
	<u>8,486,923</u>	<u>9,846,465</u>
Decrease/(increase) in inventories	13,252,516	(15,317,029)
Increase in trade and other debtors	(242,700)	(2,408,700)
(Decrease)/increase in trade and other creditors	<u>(18,670,579)</u>	<u>10,053,687</u>
<b>Cash generated from operations</b>	<u>2,826,160</u>	<u>2,174,423</u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31st December 2023**

	31/12/23	1/1/23
	£	£
Cash and cash equivalents	<u>-</u>	<u>94</u>

**Year ended 31st December 2022**

	31/12/22	1/1/22
	£	£
Cash and cash equivalents	<u>94</u>	<u>94</u>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1/1/23	Cash flow	At 31/12/23
	£	£	£
<b>Net cash</b>			
Cash at bank	<u>94</u>	<u>(94)</u>	<u>-</u>
	<u>94</u>	<u>(94)</u>	<u>-</u>
<b>Debt</b>			
Finance leases	<u>(6,993)</u>	<u>6,993</u>	<u>-</u>
	<u>(6,993)</u>	<u>6,993</u>	<u>-</u>
<b>Total</b>	<u>(6,899)</u>	<u>6,899</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

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**1. STATUTORY INFORMATION**

Hexatronic UK Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- 10% on cost
Plant and machinery	- 10% on cost
Fixtures and fittings	- 10% on cost

**Stocks**

Stocks are measured at the lower of cost and estimated selling price less cost to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**2. ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Basic financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade and other debtors, trade and other creditor, and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

**3. EMPLOYEES AND DIRECTORS**

	31.12.23	31.12.22
	£	£
Wages and salaries	3,679,665	3,023,027
Social security costs	472,362	477,540
Other pension costs	68,885	47,949
	<u>4,220,912</u>	<u>3,548,516</u>

The average number of employees during the year was as follows:

	31.12.23	31.12.22
Operations	85	52
Sales	11	6
Administration	7	23
	<u>103</u>	<u>81</u>

	31.12.23	31.12.22
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.23	31.12.22
	£	£
Hire of plant and machinery	106,862	69,797
Depreciation - owned assets	225,221	185,393
Depreciation - assets on hire purchase contracts	855	3,420
Loss on disposal of fixed assets	3,242	3,564
Auditors' remuneration	15,725	8,500
Auditors' remuneration for non audit work	<u>9,395</u>	<u>10,875</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2023

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.23	31.12.22
	£	£
Loan interest	<u>499,339</u>	<u>153,450</u>

6. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	31.12.23	31.12.22
	£	£
Current tax:		
UK corporation tax	1,490,257	1,779,463
Overprovision of corporation tax	<u>(32,724)</u>	<u>(28,564)</u>
Total current tax	1,457,533	1,750,899
Deferred tax	<u>51,637</u>	<u>83,357</u>
Tax on profit	<u>1,509,170</u>	<u>1,834,256</u>

**Tax effects relating to effects of other comprehensive income**

	31.12.23		31.12.22	
	Gross	Tax	Gross	Tax
	£	£	£	£
Share option reserve	<u>20,100</u>	<u>-</u>	<u>20,100</u>	<u>-</u>
	Gross	Tax	Gross	Tax
	£	£	£	£
Share option reserve	<u>31,001</u>	<u>-</u>	<u>31,001</u>	<u>-</u>

7. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1st January 2023	54,146	1,114,368	621,410	1,789,924
Additions	25,915	213,530	220,471	459,916
Disposals	-	<u>(9,586)</u>	<u>(6,420)</u>	<u>(16,006)</u>
At 31st December 2023	<u>80,061</u>	<u>1,318,312</u>	<u>835,461</u>	<u>2,233,834</u>
<b>DEPRECIATION</b>				
At 1st January 2023	14,907	370,093	98,658	483,658
Charge for year	7,770	144,585	73,721	226,076
Eliminated on disposal	-	<u>(3,680)</u>	<u>(3,178)</u>	<u>(6,858)</u>
At 31st December 2023	<u>22,677</u>	<u>510,998</u>	<u>169,201</u>	<u>702,876</u>
<b>NET BOOK VALUE</b>				
At 31st December 2023	<u>57,384</u>	<u>807,314</u>	<u>666,260</u>	<u>1,530,958</u>
At 31st December 2022	<u>39,239</u>	<u>744,275</u>	<u>522,752</u>	<u>1,306,266</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2023

7. **PROPERTY, PLANT AND EQUIPMENT - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
<b>COST</b>	
At 1st January 2023	17,117
Transfer to ownership	<u>(17,117)</u>
At 31st December 2023	-
<b>DEPRECIATION</b>	
At 1st January 2023	9,975
Charge for year	855
Transfer to ownership	<u>(10,830)</u>
At 31st December 2023	-
<b>NET BOOK VALUE</b>	
At 31st December 2023	<u>-</u>
At 31st December 2022	<u>7,142</u>

8. **INVENTORIES**

	31.12.23 £	31.12.22 £
Stocks	17,051,442	30,035,943
Work-in-progress	39,292	307,307
	<u>17,090,734</u>	<u>30,343,250</u>

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.23 £	31.12.22 £
Trade debtors	8,773,551	7,870,014
Amounts owed by group undertakings	205,880	-
Other debtors	53,244	958,484
Tax	57,753	-
Prepayments	<u>305,219</u>	<u>266,696</u>
	<u>9,395,647</u>	<u>9,095,194</u>

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.23 £	31.12.22 £
Hire purchase contracts (see note 12)	-	4,512
Trade creditors	2,360,263	9,006,232
Amounts owed to group undertakings	-	7,348,883
Tax	-	352,484
Social security and other taxes	108,018	-
VAT	1,541,107	1,882,015
Other creditors	1,281,099	4,361,466
Accrued expenses	<u>243,716</u>	<u>1,606,186</u>
	<u>5,534,203</u>	<u>24,561,778</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

11.	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	31.12.23	31.12.22
		£	£
	Hire purchase contracts (see note 12)	<u>-</u>	<u>2,481</u>
12.	<b>LEASING AGREEMENTS</b>		
	Minimum lease payments fall due as follows:		
		Hire purchase contracts	
		31.12.23	31.12.22
		£	£
	Net obligations repayable:		
	Within one year	-	4,512
	Between one and five years	<u>-</u>	<u>2,481</u>
		<u>-</u>	<u>6,993</u>
		Non-cancellable operating leases	
		31.12.23	31.12.22
		£	£
	Between one and five years	855,250	-
	In more than five years	<u>5,823,467</u>	<u>5,186,847</u>
		<u>6,678,717</u>	<u>5,186,847</u>
	Total future minimum lease payments under non-cancellable leases are due as follows:		
			£
	Property		6,614,717
	Plant and machinery		64,000
13.	<b>PROVISIONS FOR LIABILITIES</b>	31.12.23	31.12.22
		£	£
	Deferred tax	<u>368,394</u>	<u>316,757</u>
			Deferred tax
			£
	Balance at 1st January 2023		316,757
	Provided during year		<u>51,637</u>
	Balance at 31st December 2023		<u>368,394</u>
14.	<b>CALLED UP SHARE CAPITAL</b>		
	Allotted, issued and fully paid:		
	Number: Class:	Nominal value:	31.12.23
		£	31.12.22
		£1	£
	2,000 Ordinary	<u>2,000</u>	<u>2,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

15. **RESERVES**

	Retained earnings £	Other reserves £	Totals £
At 1st January 2023	15,781,744	80,044	15,861,788
Profit for the year	6,230,854		6,230,854
Share option reserve	-	20,100	20,100
At 31st December 2023	<u>22,012,598</u>	<u>100,144</u>	<u>22,112,742</u>

16. **ULTIMATE CONTROLLING PARTY**

The immediate parent company of Hexatronic UK Limited is Hexatronic Group AB (publ), a company incorporated in Sweden. Registered address: Sofierogatan 3A, SE-412 51 Göteborg.

The financial statements of Hexatronic Group AB (publ) are available from [www.hexatronicgroup.com/en/investor-relations/financial-reports/](http://www.hexatronicgroup.com/en/investor-relations/financial-reports/).

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