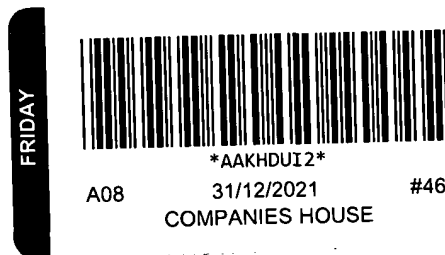


Connectix Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2021



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

Connectix Limited

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Connectix Limited

Company Information

Directors	K A Hancock M A Hancock T R Brown S J Hancock
Company secretary	S J Hancock
Registered office	500 Avenue West Skyline 120 Braintree Essex CM77 7AA
Bankers	HSBC Bank Plc Chelmsford City Branch Fenton House 85-89 New London Road Chelmsford Essex CM2 OPP
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 2021

The directors present their strategic report for the year ended 31 March 2021.

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

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, have a huge legacy of installation who continue to upgrade and move their systems, 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 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 Centers - we supply data centers 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 £33.5m - down 19% on last year but we managed to weather the Covid storm and finished the year back at 2019 sales levels.

Our Enterprise business accounted for 60% of sales and Hardware GP was healthy at 48%, held back by the competitive nature of copper cable and fibre cables (21%) - giving us an overall GP of 30%

Our FTTX sales are now 30% of our turnover and we expect this to rise rapidly as the Altnets begin to start installing on mass & expect our turnover to increase by 20% in 2021.

We have developed 12 new systems for FTTH which will launch over 21/22 and expect significant take up which should see our sales surpass £50m in 2022/23.

Connectix has a direct sales model, enabling us to pass on savings that our rivals give to distributors.

Business environment

This financial year began in lock down - the first 3 months of trade saw a 30% drop, however the year steadily improved and by the end of 2021 we had returned to pre Covid activity levels

Even though Covid caused supply issues, container issues and price increases, we feel we are in a good place to grow significantly over the years to come.

Connectix Limited

Strategic Report for the Year Ended 31 March 2021

BUSINESS MODEL

Operational

To handle the expected rapid increase in sales over the coming years, in 2021 we increased our warehouse capacity to 180,000 square feet, trebled our training center space - building a new bespoke FTTH training facility opening in early 2022.

Commercial

Connectix continues to expand its customer base rapidly - particularly in the new FTTH sector as Billions are being spent on Fibre kit over the next 10-15 years to bring the UK up to speed with other fully fibre cabled countries.

Our traditional structured cabling market is still growing year on year, in this period Connectix won significant projects in the city such as 9 Elms, Battersea Development, V&A Museum and the Old War Office.

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 now has over 40 staff permanently working from home, we see this as the way forward whilst the threat of Covid still continues.

We are keeping the vast majority of meetings online and continue to explore ways which technology can help Connectix work safely.

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 to 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 2021

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, giving some 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 2021/2022 due to the demand for FTTH products taking a massive increase.

We anticipate sales for next year to be £40M+ and then £50M+ in 22/23 - with much of the increase coming from the work we are doing with the major installers of FTTH,

The Directors will also continue to review and consider organizational 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.

Section 172 statement - 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 recognizes 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.

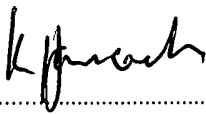
The company manages its relationships with its stakeholders through regular communication. The company's engagement with customers includes close relationships with key account managers, corporate hospitality as well as engagement through social media and the company's website.

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 31 December 2021 and signed on its behalf by:



.....
K A Hancock
Director

Connectix Limited

Directors' Report for the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Director of the company

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

K A Hancock

M A Hancock

T R Brown

S J Hancock

Corporate governance

Environmental report

In the year, we took the following energy efficiency actions:

- continued conversion to low energy lighting across our premises;
- encouraged the choice of low emission and electric vehicles when replacing our fleet;
- greatly reduced car use by enabling work from home.

	2020-21	2019-20
UK energy use (kWh)	537,850	627,718
Associated Greenhouse gas emissions (Tonnes CO2 equivalent) *	111,258	146,276
Intensity ratios:		
Emissions per £1,000,000 T/O	3,297	3,528
Emissions per employee	837	1,170

* Associated Greenhouse gases have been calculated using UK Government GHG Conversion Factors for Company Reporting 2021.

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

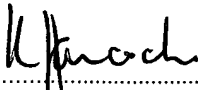
Disclosure of information to the auditors

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 31 December 2021 and signed on its behalf by:


.....
K A 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

Qualified opinion

We have audited the financial statements of Connectix Limited (the 'company') for the year ended 31 March 2021, 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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 qualified opinion on financial statements

Due to the global pandemic caused by COVID-19 we were unable to conduct a stock take at 31 March 2020 and therefore are unable to confirm the physical existence of the inventories held as at this date. Due to the volumes and quantity of stocks held together with continuing covid restrictions throughout 2020 we were unable to undertake alternative testing surrounding the physical existence of inventory quantities held at 31 March 2020 which amounted to £9,964,843. Consequently we were unable to determine whether any adjustments to this amount as at 31 March 2020 was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 March 2021. Our audit work was restricted purely on the physical verification aspect of the inventory testing at 31 March 2020.

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 qualified 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.

Connectix Limited

Independent Auditor's Report to the Members of Connectix Limited

As described in the basis for qualified opinion section of our report, due to the global pandemic caused by COVID-19 we were unable to conduct a stock take at the year end or subsequently and therefore are unable to confirm the physical existence of the inventories held at 31 March 2020. Due to the volumes and quantity of stocks held together with continuing covid restrictions throughout 2020 we were unable to undertake alternative testing *surrounding the physical existence of stock items included in the balance sheet at £9,964,843. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales and gross profit, it may be materially misstated for the same reason.*

Opinion on other matter prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, 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:

Connectix Limited

Independent Auditor's Report to the Members of Connectix Limited

- 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;

- 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.

Connectix Limited

Independent Auditor's Report to the Members of Connectix Limited

Lambert Chap 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: *31 December 2021*

Connectix Limited

Profit and Loss Account for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	3	33,746,314	41,457,846
Cost of sales		<u>(27,176,113)</u>	<u>(33,165,979)</u>
Gross profit		6,570,201	8,291,867
Administrative expenses		(7,258,485)	(7,251,410)
Exceptional Item	25	-	514,905
Other operating income	4	<u>900,534</u>	<u>-</u>
Operating profit	5	<u>212,250</u>	<u>525,552</u>
Other interest receivable and similar income	6	1,289	632
Interest payable and similar expenses	7	<u>(133,382)</u>	<u>(205,455)</u>
		<u>(132,093)</u>	<u>(204,823)</u>
Profit before tax		80,157	320,729
Taxation	11	<u>63,771</u>	<u>(90,176)</u>
Profit for the financial year		<u><u>143,928</u></u>	<u><u>230,553</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 2021

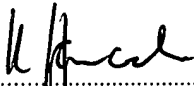
	2021	2020
	£	£
Profit for the year	<u>143,928</u>	<u>230,553</u>
Total comprehensive income for the year	<u><u>143,928</u></u>	<u><u>230,553</u></u>

Connectix Limited

(Registration number: 02814569)
Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	177,834	199,726
Tangible assets	13	286,016	267,806
Investments	14	870	2
Other financial assets	15	<u>516,698</u>	<u>426,538</u>
		<u>981,418</u>	<u>894,072</u>
Current assets			
Stocks	16	12,458,961	9,964,843
Debtors	17	11,306,787	10,912,260
Cash at bank and in hand	18	<u>2,670,634</u>	<u>522,061</u>
		26,436,382	21,399,164
Creditors: Amounts falling due within one year	19	<u>(20,303,393)</u>	<u>(19,881,364)</u>
Net current assets		<u>6,132,989</u>	<u>1,517,800</u>
Total assets less current liabilities		7,114,407	2,411,872
Creditors: Amounts falling due after more than one year	19	(5,080,703)	(276,802)
Provisions for liabilities	20	<u>(13,594)</u>	<u>(18,888)</u>
Net assets		<u>2,020,110</u>	<u>2,116,182</u>
Capital and reserves			
Called up share capital		100	100
Revaluation reserve		173,920	173,920
Profit and loss account		<u>1,846,090</u>	<u>1,942,162</u>
Total equity		<u>2,020,110</u>	<u>2,116,182</u>

Approved and authorised by the Board on 31 December 2021 and signed on its behalf by:



 K A Hancock
 Director

Connectix Limited

Statement of Changes in Equity for the Year Ended 31 March 2021

	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>

	Share capital	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
At 1 April 2019	100	173,920	1,951,609	2,125,629
Profit for the year	-	-	230,553	230,553
Total comprehensive income	-	-	230,553	230,553
Dividends	-	-	(240,000)	(240,000)
At 31 March 2020	<u>100</u>	<u>173,920</u>	<u>1,942,162</u>	<u>2,116,182</u>

Connectix Limited

Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		143,928	230,553
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	121,443	121,142
Finance income	6	(1,289)	(632)
Finance costs	7	133,382	205,455
Corporation tax	11	<u>(63,771)</u>	<u>90,176</u>
		333,693	646,694
Working capital adjustments			
(Increase)/decrease in stocks	16	(2,494,118)	422,450
(Increase)/decrease in debtors	17	(394,527)	232,510
Increase/(decrease) in creditors	19	<u>1,311,571</u>	<u>(1,353,542)</u>
Cash generated from operations		(1,243,381)	(51,888)
Corporation tax received/(paid)	11	<u>70,002</u>	<u>(50,205)</u>
Net cash flow from operating activities		<u>(1,173,379)</u>	<u>(102,093)</u>
Cash flows from investing activities			
Interest received	6	1,289	632
Acquisition of subsidiaries	14	(868)	-
Acquisitions of tangible assets		(118,471)	(111,264)
Acquisition of intangible assets	12	-	(210,238)
Proceeds from sale of intangible assets		868	-
Acquisition of investment properties		<u>(90,156)</u>	<u>(120,031)</u>
Net cash flows from investing activities		<u>(207,338)</u>	<u>(440,901)</u>
Cash flows from financing activities			
Interest paid	7	(133,382)	(205,455)
Proceeds from bank borrowing draw downs		6,465,727	1,981,665
Repayment of bank borrowing		(1,981,665)	(1,380,976)
<i>Proceeds from other borrowing draw downs</i>		438,549	655,368
Repayment of other borrowing		(655,431)	(334,725)
Payments to finance lease creditors		12,842	(6,160)
Dividends paid		<u>(240,000)</u>	<u>(240,000)</u>
Net cash flows from financing activities		<u>3,906,640</u>	<u>469,717</u>
Net increase/(decrease) in cash and cash equivalents		2,525,923	(73,277)
Cash and cash equivalents at 1 April		<u>(40,271)</u>	<u>33,005</u>
Cash and cash equivalents at 31 March		<u><u>2,485,652</u></u>	<u><u>(40,272)</u></u>

The notes on pages 16 to 28 form an integral part of these financial statements.

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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 31.12.2021

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.

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.

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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.

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
Goodwill	Straight line method over 10 years
Patents and trademarks	Straight line method over 5 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.

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

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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 2021

3 Revenue

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

	2021	2020
	£	£
Sale of goods	33,626,079	41,337,277
Other revenue	<u>120,235</u>	<u>120,569</u>
	<u>33,746,314</u>	<u>41,457,846</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:

	2021	2020
	£	£
Government grants	833,425	-
Insurance claims	<u>67,109</u>	<u>-</u>
	<u>900,534</u>	<u>-</u>

5 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	100,419	110,630
Amortisation expense	<u>21,024</u>	<u>10,512</u>

6 Other interest receivable and similar income

	2021	2020
	£	£
<i>Other finance income</i>	<u>1,289</u>	<u>632</u>

7 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and borrowings	119,192	204,592
Interest on obligations under finance leases and hire purchase contracts	663	863
<i>Interest expense on other finance liabilities</i>	<u>13,527</u>	<u>-</u>
	<u>133,382</u>	<u>205,455</u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

8 Staff costs

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

	2021	2020
	£	£
Wages and salaries	4,734,482	5,483,453
Social security costs	613,993	618,215
Pension costs, defined contribution scheme	80,412	84,961
	5,428,887	6,186,629

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

	2021	2020
	No.	No.
<i>Production</i>	57	62
Administration and support	27	30
Sales	49	43
	133	135

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	449,537	549,556
Contributions paid to money purchase schemes	5,252	5,263
	454,789	554,819

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

	2021	2020
	No.	No.
Accruing benefits under money purchase pension scheme	4	4
	4	4

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	170,000	270,000
Company contributions to money purchase pension schemes	1,313	1,316
	171,313	271,316

10 Auditors' remuneration

	2021	2020
	£	£
Audit of the financial statements	19,125	11,000
	19,125	11,000

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

11 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	-	104,868
UK corporation tax adjustment to prior periods	<u>(58,476)</u>	<u>-</u>
	(58,476)	104,868
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(5,295)</u>	<u>(14,692)</u>
Tax (receipt)/expense in the income statement	<u><u>(63,771)</u></u>	<u><u>90,176</u></u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>80,157</u>	<u>320,729</u>
Corporation tax at standard rate	15,230	60,938
Effect of expense not deductible in determining taxable profit (tax loss)	34,506	41,088
Deferred tax credit from unrecognised temporary difference from a prior period	(5,295)	(14,692)
Decrease in UK and foreign current tax from adjustment for prior periods	(36,024)	-
Tax increase from effect of capital allowances and depreciation	5,617	2,842
Tax decrease from effect of adjustment in research and development tax credit	<u>(77,805)</u>	<u>-</u>
Total tax (credit)/charge	<u><u>(63,771)</u></u>	<u><u>90,176</u></u>

Deferred tax

Deferred tax assets and liabilities

2021		Liability £
		<u>13,594</u>
2020		Liability £
		<u>18,888</u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

12 Intangible assets

	Goodwill £	Trademarks, patents and licenses £	Total £
Cost or valuation			
At 1 April 2020	210,238	18,256	228,494
Disposals	<u>(868)</u>	<u>-</u>	<u>(868)</u>
At 31 March 2021	<u>209,370</u>	<u>18,256</u>	<u>227,626</u>
Amortisation			
At 1 April 2020	10,512	18,256	28,768
Amortisation charge	<u>21,024</u>	<u>-</u>	<u>21,024</u>
At 31 March 2021	<u>31,536</u>	<u>18,256</u>	<u>49,792</u>
Carrying amount			
At 31 March 2021	<u>177,834</u>	<u>-</u>	<u>177,834</u>
At 31 March 2020	<u>199,726</u>	<u>-</u>	<u>199,726</u>

13 Tangible assets

	Improvements to property £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation				
At 1 April 2020	412,652	169,956	1,064,077	1,646,685
Additions	<u>62,591</u>	<u>-</u>	<u>55,880</u>	<u>118,471</u>
At 31 March 2021	<u>475,243</u>	<u>169,956</u>	<u>1,119,957</u>	<u>1,765,156</u>
Depreciation				
At 1 April 2020	362,435	130,863	885,581	1,378,879
Charge for the year	<u>14,345</u>	<u>3,910</u>	<u>82,006</u>	<u>100,261</u>
At 31 March 2021	<u>376,780</u>	<u>134,773</u>	<u>967,587</u>	<u>1,479,140</u>
Carrying amount				
At 31 March 2021	<u>98,463</u>	<u>35,183</u>	<u>152,370</u>	<u>286,016</u>
At 31 March 2020	<u>50,217</u>	<u>39,093</u>	<u>178,496</u>	<u>267,806</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:

	2021 £	2020 £
Other tangible assets	<u>21,296</u>	<u>4,308</u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

14 Investments

	2021	2020
	£	£
Investments in subsidiaries	870	2
Subsidiaries		£
Cost or valuation		
At 1 April 2020		2
Additions		868
At 31 March 2021		870
Provision		
Carrying amount		
At 31 March 2021		870
At 31 March 2020		2

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	
			2021	2020
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 2021

15 Other financial assets (current and non-current)

	Financial assets at amortised cost £	Total £
Non-current financial assets		
Cost or valuation		
At 1 April 2020	426,542	426,542
Additions	<u>90,156</u>	<u>90,156</u>
At 31 March 2021	<u>516,698</u>	<u>516,698</u>
Impairment		
Carrying amount		
At 31 March 2021	<u><u>516,698</u></u>	<u><u>516,698</u></u>

16 Stocks

	2021 £	2020 £
Work in progress	318,663	206,593
Other inventories	<u>12,140,298</u>	<u>9,758,250</u>
	<u><u>12,458,961</u></u>	<u><u>9,964,843</u></u>

17 Debtors

	2021 £	2020 £
Trade debtors	8,164,278	7,666,125
Other debtors	2,142,747	2,308,369
Prepayments	<u>999,762</u>	<u>937,766</u>
	<u><u>11,306,787</u></u>	<u><u>10,912,260</u></u>

Included within other debtors is an amount of £1,234,494 (2020: £1,422,041) - whilst due on demand, it is not expected to be repaid in full within the next 12 months.

18 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	149,950	197,477
Short-term deposits	<u>2,520,684</u>	<u>324,584</u>
	2,670,634	522,061
Bank overdrafts	<u>(184,982)</u>	<u>(562,333)</u>
Cash and cash equivalents in statement of cash flows	<u><u>2,485,652</u></u>	<u><u>(40,272)</u></u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

19 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	22	2,031,000	2,932,068
Trade creditors		8,930,564	9,245,594
Social security and other taxes		2,426,149	1,190,932
Other payables		5,568,299	5,756,663
Accrued expenses		1,158,153	569,458
Corporation tax	11	188,822	177,296
Directors loan		406	9,353
		20,303,393	19,881,364
Due after one year			
Loans and borrowings	22	5,080,703	276,802

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.

20 Provisions for liabilities

	Deferred tax £	Total £
At 1 April 2020	18,888	18,888
Increase (decrease) in existing provisions	(5,294)	(5,294)
At 31 March 2021	13,594	13,594

21 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 £80,412 (2020 - £84,961).

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

22 Loans and borrowings

	2021 £	2020 £
Non-current loans and borrowings		
Hire purchase contracts	16,100	-
Other borrowings	5,064,603	276,802
	5,080,703	276,802
	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	1,465,727	1,981,665
Bank overdrafts	184,982	562,333
Hire purchase contracts	6,347	9,605
Other borrowings	373,944	378,465
	2,031,000	2,932,068

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 £1,465,727 (2020 - £1,981,665).

Other borrowings

LDF Loan is denominated in £ Sterling with a nominal interest rate of 8%, and the final instalment is due on 31 July 2020. The carrying amount at year end is £Nil (2020 - £18,101).

LDF Loan 3 is denominated in £ Sterling with a nominal interest rate of 6%, and the final instalment is due on 30 April 2020. The carrying amount at year end is £Nil (2020 - £56,222).

LDF Loan 2 is denominated in £ Sterling with a nominal interest rate of 11%, and the final instalment is due on 31 January 2021. The carrying amount at year end is £Nil (2020 - £51,023).

LDF Loan 4 is denominated in £ Sterling with a nominal interest rate of 6%, and the final instalment is due on 1 May 2020. The carrying amount at year end is £Nil (2020 - £166,667).

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 £26,053 (2020 - £99,549).

LDF Loan 5 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 £251,632 (2020 - £Nil).

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

23 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	847,168	862,061
Later than one year and not later than five years	2,754,849	2,272,658
Later than five years	<u>2,238,997</u>	<u>83,736</u>
	<u>5,841,014</u>	<u>3,218,455</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £899,325 (2020 - £884,098).

24 Related party transactions

Key management compensation

	2021	2020
	£	£
Salaries and other short term employee benefits	<u>806,129</u>	<u>1,044,293</u>

Income and receivables from related parties

2021

		Other related parties
		£
2020		
Receipt of services		<u>781,060</u>

Expenditure with and payables to related parties

2021

		Other related parties
		£
Purchase of goods		<u>247,788</u>

2020

		Other related parties
		£
Purchase of goods		<u>84,605</u>

Loans to related parties

	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	<u>(240,000)</u>	<u>(340,267)</u>	<u>(580,267)</u>
At end of period	<u>452,233</u>	<u>1,234,494</u>	<u>1,686,727</u>

Connectix Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

	Key management £	Other related parties £	Total £
2020			
At start of period	438,864	938,572	1,377,436
Advanced	209,733	1,505,476	1,715,209
Repaid	<u>(240,000)</u>	<u>(1,022,006)</u>	<u>(1,262,006)</u>
At end of period	<u>408,597</u>	<u>1,422,042</u>	<u>1,830,639</u>

Key management relates to Directors only.

Loans from related parties

	Key management £	Total £
2021		
At start of period	(9,353)	(9,353)
Advanced	86,400	86,400
Repaid	<u>(77,453)</u>	<u>(77,453)</u>
At end of period	<u>(406)</u>	<u>(406)</u>

	Key management £	Total £
2020		
Advanced	14,645	14,645
Repaid	<u>(23,998)</u>	<u>(23,998)</u>
<i>At end of period</i>	<u>(9,353)</u>	<u>(9,353)</u>

Key management relates to Directors only.

25 Exceptional item

Bad debt

The exceptional item is in respect of a material bad debt for a customer that has gone into administration and the balance is no longer recoverable.

