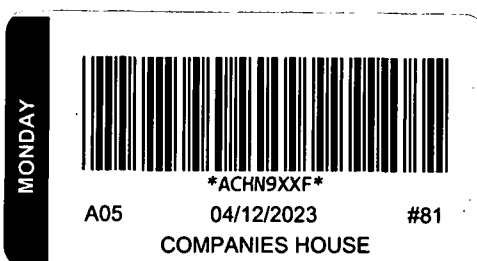


**Cinch Connectivity Solutions Limited**

**Annual report and financial statements**

**for the year ended 31 December 2022**

Registered number: 02086232



## **Cinch Connectivity Solutions Limited**

### **Annual report and financial statements For the year ended 31 December 2022**

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## **Cinch Connectivity Solutions Limited**

### **Officers and Professional Advisers**

#### **Directors**

P Bittner  
F Tuweiq  
S Martin

#### **Secretary**

S Martin  
A Deacon

#### **Registered office**

11 Bilton Road  
Chelmsford  
Essex  
CM1 2UP

#### **Bankers**

Barclays PLC  
2 Churchill Place  
Canary Wharf  
London  
E14 5RB

#### **Auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Priory Place  
New London Road  
Chelmsford  
Essex  
CM2 0PP

## **Cinch Connectivity Solutions Limited**

### **Strategic report**

The directors present their strategic report and directors' report on the affairs of the Company together with the audited financial statements for the year ended 31 December 2022.

#### **Review of the business**

The principal activity of the Company is the sale and manufacturing of Fibre Optic connectors and cable assemblies. The key markets are defence/aerospace, telecommunications, medical and commercial electronics sectors, commercial markets being predominantly serviced by distribution channels.

Turnover for the year was £8.3m (2021: £7.4m). Fibre Optic business increased to £6.7m (2021: £5.6m). Precision Components (formerly BCMZ) achieved sales of £1.2m (2021: £1.3m). The net assets of the business fell due to dividend payments of £2.05m made to Cinch Connectors Limited exceeding earnings made during the year. The company maintains a strong order book and as a result expects growth to continue in 2023.

#### **Key performance indicators**

Gross margin increased slightly to 41.9% (2021: 39.0%) as a result of reduced costs following the RF product lines transfer to the company's parent Cinch Connectors Ltd, the majority of the company's business now being the more profitable fibre product range.

EBITDA increased to 25.8% from 19.0% as a result of increased margins and reduced administration costs. 2022 EBITDA was £2.1m (2021: £1.4m) and the company had net assets of £5.0m (2021: £5.6m). This EBITDA was equivalent to 43.0% (2021: 25.4%) of the company's net assets. EBITDA is calculated as operating profit, adjusted for depreciation, amortisation, restructuring and severance.

#### **Principal risks and uncertainties**

The Company is exposed through the normal course of trading to certain financial risks such as price risk, currency risk and credit risk. The Company does not use derivative financial instruments in the course of its activities, or for speculative purposes.

##### **Price risk**

Commodity price risk is currently not seen as a significant issue as the majority of the Company's raw material purchases do not fluctuate significantly as base prices rise and fall. This said the Company does keep a tight control on material costs in order to remain competitive.

##### **Currency risk**

The Company is exposed to currency risk through trading with both its customers and suppliers. The Company has a hedging policy to match where possible related income and expense in the same denominated foreign currency. The company had no derivatives at the year end (2021: same).

##### **Credit risk**

The Company is exposed to credit risk due to counterparties failing to meet all or part of their obligations. All customers are subject to credit verification and all outstanding balances are monitored on an ongoing basis.

Management is responsible for identification, assessment and control of credit risk and reporting it in accordance with Company policy. The Company's credit risk is spread across a large number of counterparties.

## Cinch Connectivity Solutions Limited

### Strategic report

#### Climate change uncertainty

Greenhouse gas ("GHG") emissions have increasingly become the subject of substantial international attention. GHG emission regulations have been promulgated in certain of the jurisdictions in which we sell, and additional GHG requirements are in various stages of development. Such measures could require us to obtain new permits, implement additional pollution control technology, or increase our operating costs. Any additional regulation of GHG emissions, including a cap-and-trade system, technology mandate, emissions tax, reporting requirement or other program, could adversely affect our business. While the uncertainties of climate change legislation are acknowledged the company believes it could expedite equipment replacement and provide new business opportunities.

#### Future developments

2023 will see the closure and relocation of our Sudbury machine shop into our existing Chelmsford site. This will significantly reduce costs and headcount and along with the purchase of new equipment will make the whole operation more efficient and productive as well as enabling us to insource further parts and supply the needs of other group companies. Continued coordination with other group companies will provide further business opportunities as the Company takes advantage of a wide pool of resources located throughout the globe.

There are no significant events since the balance sheet date.

Approved by the Board and signed on its behalf by:

*Scott Martin*

S Martin  
Director

Date: 30/11/2023

## **Cinch Connectivity Solutions Limited**

### **Directors' report**

The Company's principal activities, review of business, risks and uncertainties, and future developments are set out in the Strategic Report on pages 2 and 3.

#### **Going concern**

Having reviewed cash flow forecasts for the company, the directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the notes to the financial statements commencing on page 13.

#### **Dividends**

Dividends totalling £2,050,000 were paid during the year (2021: £1,000,000). No further dividends are proposed.

#### **Directors**

The directors, who served during the year and up to the date of this report, were:

P Bittner  
S Martin  
F Tuweiq

#### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Auditor**

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

Approved by the Board and signed on its behalf by:

*Scott Martin*

S Martin  
Director

Date: 30/11/2023

## **Cinch Connectivity Solutions Limited**

### **Directors' responsibilities statement**

The directors are responsible 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), including FRS 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 and 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; 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 irregular

## **Independent auditor's report to the members of Cinch Connectivity Solutions Limited**

### **Opinion**

We have audited the financial statements of Cinch Connectivity Solutions Limited (the 'company') for the year ended 31 December 2022, which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and the Directors' 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



## **Independent auditor's report to the members of Cinch Connectivity Solutions Limited**

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.

### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

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 directors' report.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 for the financial statements**

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

In preparing the financial statements, the directors are responsible for assessing the 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's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

## **Independent auditor's report to the members of Cinch Connectivity Solutions Limited**

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We determined that the following laws and regulations were most significant: UK GAAP (FRS102), Companies Act 2006 and the relevant tax compliance regulations in the jurisdictions in which the Company operates.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management. We corroborated our inquiries through our review of board minutes.
- We enquired of management, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated this through our review of professional fees incurred during the year;
- We made specific enquiries of key personnel outside the finance department to determine whether there were fraud risk factors arising from the Company's day to day operations;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and through manipulation of accounting estimates. Audit procedures performed by the audit engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - challenging assumptions and judgements made by management in making its significant accounting estimates;
  - identifying and testing journal entries, in particular any large or unusual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
  - assessing the extent of compliance with certain significant laws and regulations that may have an effect on the determination of the accounts and disclosures in the financial statements.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules, the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
  - The applicable regulatory framework.

## **Independent auditor's report to the members of Cinch Connectivity Solutions Limited**

### **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

*Timothy Taylor*

**Timothy Taylor**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Chelmsford  
Date 30/11/2023

## Cinch Connectivity Solutions Limited

### Profit and loss account

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	3	8,333	7,441
Cost of sales		(4,840)	(4,540)
<b>Gross profit</b>		3,493	2,901
Administrative expenses		(1,656)	(1,877)
<b>Operating profit</b>		1,837	1,024
Finance costs	4	(6)	(10)
<b>Profit before taxation</b>	5	1,831	1,014
Tax on profit	9	(312)	(208)
<b>Profit for the financial year attributable to the equity shareholders of the Company</b>		<u>1,519</u>	<u>806</u>

All activities derive from continuing operations.

There were no elements of other comprehensive income or expense for either year other than those stated in the profit and loss account. Accordingly a statement of other comprehensive income is not presented.

## Cinch Connectivity Solutions Limited

### Balance sheet

As at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	11	435	528
Tangible assets	12	745	712
		<u>1,180</u>	<u>1,240</u>
<b>Current assets</b>			
Stocks	13	1,470	1,406
Debtors: amounts falling due within one year	14	1,384	1,245
Cash at bank and in hand		2,073	2,932
		<u>4,927</u>	<u>5,583</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(998)</u>	<u>(1,070)</u>
<b>Net current assets</b>		<u>3,929</u>	<u>4,513</u>
<b>Total assets less current liabilities</b>		5,109	5,753
<b>Creditors: amounts falling due after more than one year</b>	16	(45)	(120)
<b>Provisions for liabilities</b>	17	<u>(20)</u>	<u>(58)</u>
<b>Net assets</b>		<u>5,044</u>	<u>5,575</u>
<b>Capital and reserves</b>			
Called-up share capital	18	2	2
Share premium account		3,250	3,250
Profit and loss account		<u>1,792</u>	<u>2,323</u>
<b>Shareholders' funds</b>		<u>5,044</u>	<u>5,575</u>

The financial statements of Cinch Connectivity Solutions Limited (registered number 02086232) were approved by the board of directors and authorised for issue on 30 November 2023. They were signed on its behalf by:

*Scott Martin*

S Martin  
Director

The notes on pages 13 to 28 form part of these financial statements.

## Cinch Connectivity Solutions Limited

### Statement of changes in equity

For the year ended 31 December 2022

	<b>Called-up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 1 January 2021</b>	2	3,250	2,517	5,769
Profit for the financial year and total comprehensive income	-	-	806	806
Dividends paid (note 20)	-	-	(1,000)	(1,000)
<b>At 31 December 2021</b>	2	3,250	2,323	5,575
Profit for the financial year and total comprehensive income	-	-	1,519	1,519
Dividends paid (note 20)	-	-	(2,050)	(2,050)
<b>At 31 December 2022</b>	2	3,250	1,792	5,044

## **Cinch Connectivity Solutions Limited**

### **Notes to the financial statements**

**For the year ended 31 December 2022**

#### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

##### ***a. General information and basis of accounting***

Cinch Connectivity Solutions Limited is a private company, limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 and 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Companies Act 2006.

The functional and presentational currency of Cinch Connectivity Solutions Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Cinch Connectivity Solutions Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Cinch Connectivity Solutions Limited is consolidated in the financial statements of its ultimate parent, Bel Fuse Inc, which may be obtained at 206 Van Vorst Street, Jersey City, New Jersey 07302-4421. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, related party transactions, presentation of a cash flow statement and remuneration of key management personnel.

##### ***b. Going concern***

The current economic conditions create uncertainty over the cost of the Company's raw materials, however demand for our products continues to be strong. The Company's forecasts, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate without the need for further facilities.

The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### ***c. Intangible fixed assets***

Goodwill on historical acquisitions is amortised over a period of 20 years which is the estimated useful economic life. Provision is made for any impairment.

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 1. Accounting policies (continued)

##### d. *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment	3-5 years
Fixtures and fittings	5 years / termination of building lease
Plant and machinery	10 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

##### e. *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### (i) *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.



## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

**1. Accounting policies (continued)**

**e. Financial instruments (continued)**

- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**f. Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 1. Accounting policies (continued)

##### *g. Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *h. Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 1. Accounting policies (continued)

##### *h. Taxation (continued)*

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

##### *i. Turnover*

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. This is from the principal activity of manufacture and delivery of connectivity solutions and fibre optic connectors and cable assemblies. Turnover from the sale of goods is recognised when the goods are either despatched or physically delivered to the customer, dependent on agreed sales terms. Where payments are received from customers in advance of goods or services provided, the amounts are recorded as deferred income and included as part of creditors due within one year or creditors due after one year as appropriate.

##### *j. Defined contribution pension scheme*

For defined contribution pension schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between the contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### *k. Foreign currency*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 1. Accounting policies (continued)

##### *l. Leases*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised at their fair value at inception of the lease. These assets are depreciated on a straight line basis over the useful life of the asset. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

##### *m. Share-based payment*

The Company grants to its employees rights to equity instruments of Bel Fuse Inc, its ultimate parent company. The required disclosures are therefore included in Bel Fuse Inc consolidated financial statements.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

#### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Sources of estimation - Stock provision*

Stock is held for a significant length of time due to the nature of the products and the types of sales orders in existence. Management review sales orders and forecasts in applying their judgement as to the requirement to provide against stock value. As such there is inherent judgement in management's assessment of the recoverability of stock value through sale and thereby in management's assessment of the need to provide against the cost held. At 31 December 2022 the stock provision was £0.4m (2021: £0.7m). The provision is determined by reference to considerations of obsolescence and demand. Whilst stocks are considered to hold value for a number of years due to the nature of the company's operating cycle, a sensitivity of the provision for any stocks held for which levels are in excess of 24 months demand where these were fully written off would impact the provision through an increase by £0.1m (2021: £0.1m).

There are no critical accounting judgements to be disclosed.

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 3. Turnover

An analysis of the Company's turnover by class of business is set out below.

	2022 £'000	2021 £'000
<b>Turnover:</b>		
RF Cable Assembly & Passive Components	347	492
Fibre Optic Cable Assembly and Active Components	6,741	5,551
Commercial Cable Assembly and Connectors	-	134
Precision Engineered Components	1,245	1,264
	<u>8,333</u>	<u>7,441</u>

An analysis of the Company's turnover by geographical market is set out below.

	2022 £'000	2021 £'000
<b>Turnover:</b>		
United Kingdom	3,420	2,549
Rest of Europe	3,898	3,398
USA	321	441
Rest of World	694	1,053
	<u>8,333</u>	<u>7,441</u>

#### 4. Finance costs

	2022 £'000	2021 £'000
Interest expense - non-affiliates	<u>6</u>	<u>10</u>

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 5. Profit before taxation

Profit before taxation is stated after charging / (crediting):

	2022 £'000	2021 £'000
		As restated
Depreciation of tangible fixed assets (note 12)	183	260
Depreciation of tangible fixed assets held under hp (note 12)	31	37
Amortisation of intangible assets (note 11)	93	93
Operating lease rentals – land and buildings	228	167
Operating lease rentals – other	4	4
Foreign exchange loss/(gain)	(60)	62
Severance	3	-
(Gain)/loss on disposal of fixed assets (note 12)	-	(13)

Operating lease rentals for buildings in 2021 restated from 125 to 167 as omitted payments on Sudbury premises out of contractual lease period.

#### 6. Auditor's remuneration

Fees payable to Grant Thornton UK LLP and their associates for the audit of the Company's annual financial statements were £22,280 (2021: £20,250).

#### 7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Production	42	42
Distribution	4	4
Sales	10	11
Administration	6	7
	62	64
Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	2,128	2,039
Social security costs	225	201
Other pension costs	133	129
	2,486	2,369

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 8. Directors' remuneration

All directors holding office during 2022 and 2021 are remunerated by other group companies and it is not possible to allocate the remuneration across group companies.

#### 9. Tax on profit

The tax charge comprises:

	2022 £'000	2021 £'000
<b>Current tax on profit</b>		
UK corporation tax	352	258
Adjustments in respect of previous periods	(1)	(22)
<b>Total current tax</b>	<u>351</u>	<u>236</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(30)	(42)
Adjustment in respect of previous periods	1	-
Effect of changes in tax rates	(10)	14
<b>Total deferred tax (see note 17)</b>	<u>(39)</u>	<u>(28)</u>
<b>Total tax on profit</b>	<u>312</u>	<u>208</u>

The difference between the total tax charge shown above and the amount calculated by applying the average rate of UK corporation tax to the profit before tax is as follows:

	2022 £'000	2021 £'000
<b>Profit before tax</b>	<u>1,831</u>	<u>1,014</u>
 Tax on profit at average UK corporation tax rate of 19.00 per cent (2021: 19.00 per cent)	348	193
Effects of:		
- Expenses not deductible for tax purposes	1	24
- Share option timing differences	-	3
- Income not taxable	(28)	(4)
- Tax rate changes	(9)	14
- Adjustment from previous periods	-	(22)
<b>Total tax charge for year</b>	<u>312</u>	<u>208</u>

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had been substantively enacted at the prior year Balance Sheet date and therefore an adjustment was made in the prior year to deferred taxation balances to account for this change.

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 10. Share-based payments

The Company grants to its employees rights to equity instruments of Bel Fuse Inc, its ultimate parent company. The required disclosures are therefore included in Bel Fuse Inc's consolidated financial statements. The Company provides common stock awards to certain officers, directors, and key employees. The Company grants these awards, at its discretion, from the shares available under the Program. Cinch Connectivity Solutions Limited measures its share-based payment expense as a proportion of the expense recognised for the entire share-based payment scheme based on the number of employees participating in the scheme. The expense charged to the P&L during the year was nil (2021: £32k).

#### 11. Intangible fixed assets

	<b>Goodwill £'000</b>
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	1,987
<b>Amortisation</b>	
At 1 January 2022	1,459
Charge for the year	93
At 31 December 2022	1,552
<b>Net book value</b>	
At 31 December 2022	435
At 31 December 2021	528



## Cinch Connectivity Solutions Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 12. Tangible fixed assets

	Plant and machinery £'000	Fixtures, fittings and office equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2022	2,419	944	3,363
Additions	90	157	247
Disposals	-	-	-
At 31 December 2022	2,509	1,101	3,610
<b>Depreciation</b>			
At 1 January 2022	1,769	882	2,651
Charge for the year	157	57	214
Disposals	-	-	-
At 31 December 2022	1,926	939	2,865
<b>Net book value</b>			
At 31 December 2022	583	162	745
At 31 December 2021	650	62	712

Fixtures, fittings and office equipment includes £134k Construction in Progress relating to uncompleted building improvements, no depreciation has been recorded in the year for this work.

The net book value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £'000	2021 £'000
Plant and machinery	177	238

## Cinch Connectivity Solutions Limited

### Notes to the financial statements For the year ended 31 December 2022

#### 13. Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	532	570
Work in progress	672	557
Finished goods and goods for resale	266	279
	<u>1,470</u>	<u>1,406</u>

The directors consider the net book value of stocks to be the same as their replacement cost.

#### 14. Debtors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade debtors	1,090	964
Amounts owed by group undertakings	143	104
Prepayments and accrued income	137	177
Corporation tax	14	-
	<u>1,384</u>	<u>1,245</u>

Amounts owed by group undertakings are for the sale of goods and internal recharges of administrative costs repayable on 30 day end of month terms. The amounts are unsecured and interest free.

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 15. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Obligations under finance leases	46	68
Trade creditors	505	585
Amounts owed to group undertakings	84	68
Corporation tax	-	55
Other taxation and social security	58	50
VAT	25	74
Accruals and deferred income	280	170
	<u>998</u>	<u>1,070</u>

The amounts owed to group undertakings are for the purchase of goods and internal recharges of administrative costs repayable on 30 day end of month terms. The amounts are unsecured and interest free. Creditors include net obligations under finance lease and hire purchase contracts which are secured against the assets of £46k (2021: £68k).

#### 16. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Obligations under finance leases	-	47
Accruals and deferred income	45	73
	<u>45</u>	<u>120</u>

Creditors include net obligations under finance lease and hire purchase contracts which are secured against the assets of £0k (2021: £47k).

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 17. Provisions for liabilities

##### *Deferred tax*

Deferred tax is provided as follows:

	2022 £'000	2021 £'000
Accelerated capital allowances	21	73
Other timing differences	(1)	(15)
<b>Provision for deferred tax</b>	<b>20</b>	<b>58</b>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

Deferred tax movements during the current and prior year:

	2022 £'000	2021 £'000
Provision at start of year	58	86
Deferred tax credit to profit and loss account for the year	(39)	(28)
Adjustment in respect of prior years	1	-
<b>Provision at end of year</b>	<b>20</b>	<b>58</b>

#### 18. Called-up share capital and reserves

	2022 £'000	2021 £'000
<b>Allotted, called-up and fully-paid</b>		
2,000 ordinary shares of £1 each	2	2

The Company has one class of ordinary shares which carry no right to fixed income.

*The Company's other reserves are as follows:*

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid.

## Cinch Connectivity Solutions Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 19. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022		2021	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- within one year	-	3	39	3
- between one and five years	-	1	-	2
	<u>-</u>	<u>4</u>	<u>39</u>	<u>5</u>

Total future minimum lease payments under non-cancellable finance leases and hire purchase contract are as follows:

	2022 £'000	2021 £'000
- within one year	46	68
- between one and five years	-	47
	<u>46</u>	<u>115</u>

#### 20. Dividends paid

	2022 £'000	2021 £'000
Dividends paid to Cinch Connectors Limited of £1,025 per share (2021 – £500)	<u>2,050</u>	<u>1,000</u>

#### 21. Related party transactions

The Company has taken advantage of the exemption granted in section 33 of Financial Reporting Standard 102 not to disclose related party transactions with other wholly owned group companies.

There were no other related party transactions.

## **Cinch Connectivity Solutions Limited**

### **Notes to the financial statements**

**For the year ended 31 December 2022**

#### **22. Immediate and ultimate parent**

The immediate parent undertaking of the company is Cinch Connectors Limited (registered number: 02178707), a company incorporated in England and Wales. The immediate parent's registered office is: Shireoaks Road, Worksop, Nottinghamshire, S80 3HA.

The ultimate parent undertaking of the Company, and the ultimate controlling party, is Bel Fuse Inc, a company incorporated in New Jersey. The smallest and the largest group in which the results of the Company are consolidated is that headed by Bel Fuse Inc. The consolidated financial statements of this group are available to the public and may be obtained from its registered office: Bel Fuse Inc, 206 Van Vorst Street, Jersey City, New Jersey 07302-4421, USA.