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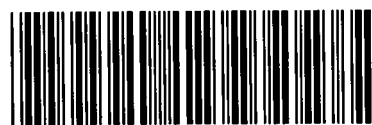
**TEXCEL TECHNOLOGY PLC**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2022**

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**TEXCEL TECHNOLOGY PLC**

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**COMPANY INFORMATION**

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<b>Directors</b>	W H Bryce A N McLeod P J Shawyer L J Vincett P J Beal
<b>Company secretary</b>	L J Vincett
<b>Registered number</b>	02607732
<b>Registered office</b>	Thames Road Crayford Kent DA1 4SB
<b>Independent auditors</b>	Barnes Roffe LLP Chartered Accountants & Statutory Auditor Charles Lake House Claire Causeway Crossways Business Park Dartford Kent DA2 6QA
<b>Bankers</b>	HSBC Bank plc 9 The Boulevard Crawley West Sussex RH10 1UT
<b>Solicitors</b>	Wellers Law Group LLP Tenison House Tweedy Road Bromley BR1 3NF

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TEXCEL TECHNOLOGY PLC

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## TEXCEL TECHNOLOGY PLC

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2022

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#### Introduction

The directors present their strategic report accompanying the financial statements for the year ended 31 January 2022.

#### Business review

Another challenging year, with global shortages of electronic components and unprecedented cost increases for both raw materials and energy.

Despite the difficulties, Texcel rose to the challenges and took to their strengths of flexibility, proactivity and teamwork. With a dedicated purchasing team and a solid network of suppliers, Texcel have managed to continue to supply goods to our customers and source even the scarcest parts. Working with all our customers we have established longer contracts, and this has allowed us to secure material for the coming future. Our strong financial position has allowed us to greatly increase stock holdings and we have continued to invest in new equipment, including a new 3D AOI machine and another new SMD placement machine. The result being another profitable year.

The company continues to focus on continuous improvement, automation and efficiencies. This will enable us to continue to meet the needs of our customers, improve quality and reduce costs.

The company has continued its investment in R&D of new products and in supporting start-ups and has employed three new apprentices this year.

The results to the year-end 31st January 2022 were a limited growth in turnover to £11.7m due to the effect of the component shortages and extended lead-times from COVID-19. However, the company improved its net margin and maintained excellent business relationships with its customers offering flexible rescheduling and product redesigns.

Texcel are predicting a further year of growth as the marketplace returns to pre-19-20 levels and expects another profitable year.

The company takes any involvement with its suppliers, customers and other third parties seriously. Any material issues are addressed by the board.

During the past year, the business has delivered on many of its objectives from within the business plan as follows:

- Continued to attract new customers.
- Increased manufacturing automation.
- Continued to build a culture which is responsive to employee needs, providing development opportunities and focussed training for all areas.

The future looks very positive as we continue to attract and secure new business.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2022**

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**Principal risks and uncertainties**

The directors have agreed, and look to mitigate as appropriate, the following key strategic risks:

- An aging workforce
- The uncertainty over the world economy
- Availability of components
- Covid-19
- Availability of skilled staff
- Managing the organisational capacity

However, the directors are confident that the company will continue to remain profitable for the foreseeable future.

**Financial key performance indicators**

The board monitors progress of the company's performance on an ongoing basis with bi-monthly board, and monthly management and continuous improvement meetings. Overall, performance indicators up to the year end have seen good improvements in this competitive and challenging economic environment.

The most important KPI's are constantly monitored:-

Turnover; Cashflow; Overheads; Sales order book; Open quotes.

**Other key performance indicators**

In addition to the above financial KPI's the board also considers the following non-financial KPIs to be of significant importance to the company:

On-time delivery and Quality.

**Directors' statement of compliance with duty to promote the success of the company**

The directors of the company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised below:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the company.

Each director of the company is aware of their obligations on the above and receive guidance from an independent advisor on a regular basis. All directors have all the relevant information required to enable them to properly reflect and consider the factors set out above in their decision making.

Regular Board meetings are held and used as a mechanism to address these obligations. It is during these meetings that all stakeholder issues are discussed.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2022**

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**Engaging with stakeholders**

Our key stakeholders, and the ways in which we engage with them, are as follows:

**Our employees**

Although our assembly processes are highly mechanised, we rely on a skilled team, including production engineers, machine operators, hand assemblers, designers and a highly motivated sales force. We are renowned for our customer service, which requires us to be experts in our field and maintain a high level of flexibility to increases in demand and changes to require by dates. We cannot achieve this without our team.

Recruitment and retention of staff is therefore a critical business activity. We help to engage with team members by:

- setting good remuneration rates, and rewarding exceptional performance;
- being an equal opportunities employer;
- providing training and career development support;
- ensuring that staff from each department are presented with key facts about the performance of the business and involved in significant decisions.

**Our Customers and Suppliers**

We invest heavily in technology and machinery so that we can continue to offer customers the best quality products with the minimum turnaround time. We meet weekly to review new opportunities.

Our employees and managers are onsite on a daily basis and interact with our customers to fulfil their requirements.

All our staff uphold our key values and adhere to our ethical trading standards.

Our business model prioritises quality and delivery. We are not the cheapest supplier and do not aim to be. Our customers value the high degree of interaction and expertise, from design to manufacture, that we offer.

We have built and will maintain a reputation for transparency and fair dealing in our interaction with customers and suppliers.

Our Suppliers are critical to our success and strategic partnerships are established with all main suppliers.

**Our Community**

Texcel prides itself on our high levels of employees living in the local community and supports activities from local schools and colleges

**Our Environment**

Our industry has contributed to environmental pollution and we are working hard to reverse this. We moved to non-toxic lead free solder in accordance with the ROHS directive in 2004 and all our processes are CFC free. We dispose of all waste responsibly and continuously reduce our energy consumption and waste levels.

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TEXCEL TECHNOLOGY PLC

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2022

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This report was approved by the board and signed on its behalf.



**L J Vincett**  
Secretary

Date: 16/06/2022

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## TEXCEL TECHNOLOGY PLC

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2022

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

#### Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments 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;
- 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 to 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £820,870 (2021 - £495,944).

No dividends were voted during the year (2021 - £NIL).

#### Directors

The directors who served during the year were:

W H Bryce  
A N McLeod  
P J Shawyer  
L J Vincett  
P J Beal (appointed 23 June 2021)

#### Future developments

The company is expected to continue to trade profitably with continued investment in its infrastructure and an increase in sales forecasted.



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## TEXCEL TECHNOLOGY PLC

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022

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#### Environmental matters

The company considers compliance with current environmental legislation and the adoption of responsible standards as an integral part of its business operations. The company is also committed to introducing new measures to limit any adverse effects its business operations may have on the environment and promotes best practice in accordance with latest guidance.

#### Emissions and energy consumption

During the year, the company emitted 1.43 tonnes of CO<sub>2</sub>e from activities involving the consumption of fuel for the purposes of transport, 86.22 tonnes of CO<sub>2</sub>e from the purchase of electricity for its own use and 4.48 tonnes of CO<sub>2</sub>e from the purchase of gas for its own use. In aggregate it consumed 430,526 kWh of energy. Greenhouse gas emissions were calculated using the UK Government GHG Conversion Factors for Company Reporting 2021. Energy usage data was gathered from a variety of sources, including fuel card data for transport and utility bills for gas and electricity. The company's intensity ratio, expressed as tonnes of CO<sub>2</sub>e per £m of sales revenue, is 7.90.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### Post balance sheet events

During the year and since the Balance Sheet date the company has had to deal with the coronavirus pandemic and the associated measures that governments, customers, and suppliers are putting in place to deal with it. While the company has undoubtedly suffered some adverse impact from this in the short term, due to the nature of the business and the industries which it serves, operations have continued throughout the period of lockdown in the UK. The directors are confident that we can work through the temporary disruption and that our business plans are robust even in the current situation. In addition, all aspects of the business have been reviewed and appropriate safeguards put in place to ensure that the company can continue with its operations whilst restrictions remain in place in the UK. On the basis of the above the accounts have been prepared on the going concern basis.

#### Auditors

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**L J Vincett**  
Secretary

Date: 16/06/2022

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## TEXCEL TECHNOLOGY PLC

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEXCEL TECHNOLOGY PLC

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#### Opinion

We have audited the financial statements of Texcel Technology Plc (the 'company') for the year ended 31 January 2022, which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes, 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 January 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

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## TEXCEL TECHNOLOGY PLC

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEXCEL TECHNOLOGY PLC (CONTINUED)

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#### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion 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.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

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## TEXCEL TECHNOLOGY PLC

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEXCEL TECHNOLOGY PLC (CONTINUED)

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#### Auditors' 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 auditors' 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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with law and regulations, was as follows:

- 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 discussion with directors and other management, and from our commercial knowledge and experience of the technology sector;
- We focused on the specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, these are as follows:
  - o Companies Act 2006
  - o Financial Reporting Standard 102
  - o ISO9001 and ISO14001 standards
  - o Health and Safety legislation
  - o Employment legislation
  - o Tax legislation
  - o Waste Electrical and Electronic Equipment regulations
  - o Restriction of Hazardous Substances directive
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, reviewing board minutes and inspecting legal invoices;
- Laws and regulations were communicated within the audit team at the planning meeting, and during the audit as any further laws and regulation were identified. The audit 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 enquires of management as to where they consider there was susceptibility to fraud and their knowledge of actual suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- Reviewing the financial statements and testing the disclosures against supporting documentation;
- Performing analytical procedures to identify any unusual or unexpected trends or anomalies;
- Inspecting and testing journal entries to identify unusual or unexpected transactions;
- Assessing whether judgment and assumptions made in determining significant accounting estimates, including stock provisions, were indicative of management bias; and
- Investigating the rationale behind significant transactions, or transactions that are unusual or outside the company's usual course of business.

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## TEXCEL TECHNOLOGY PLC

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEXCEL TECHNOLOGY PLC (CONTINUED)

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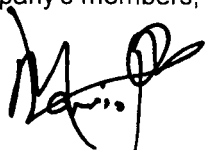
At the completion stage of the audit, the engagement partner's review included ensuring the audit team had approached their work with the appropriate professional scepticism and this the capacity to identify non-compliance with laws and regulations and fraud.

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

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 auditors' 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 auditors' 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.



Mario Ciantanni (senior statutory auditor)

for and on behalf of

**Barnes Roffe LLP**

Chartered Accountants

Statutory Auditor

Charles Lake House

Claire Causeway

Crossways Business Park

Dartford

Kent

DA2 6QA

Date: 17. June. 2022

TEXCEL TECHNOLOGY PLC

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JANUARY 2022

	Note	2022 £	2021 £
Turnover	4	11,655,151	10,283,978
Cost of sales		(8,093,219)	(7,453,651)
<b>Gross profit</b>		<b>3,561,932</b>	<b>2,830,327</b>
Administrative expenses		(2,632,636)	(2,398,902)
Other operating income	5	20,842	130,443
<b>Operating profit</b>	6	<b>950,138</b>	<b>561,868</b>
Interest payable and similar expenses	10	(8,318)	(20,390)
<b>Profit before tax</b>		<b>941,820</b>	<b>541,478</b>
Tax on profit	11	(120,950)	(45,534)
<b>Profit for the financial year</b>		<b>820,870</b>	<b>495,944</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

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

TEXCEL TECHNOLOGY PLC  
REGISTERED NUMBER: 02607732

**BALANCE SHEET  
AS AT 31 JANUARY 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	12	806,936	913,592
Investments	13	25,000	25,000
		<u>831,936</u>	<u>938,592</u>
<b>Current assets</b>			
Stocks	14	3,903,754	2,500,641
Debtors: amounts falling due within one year	15	1,877,531	1,723,757
Cash at bank and in hand	16	1,092,834	1,459,495
		<u>6,874,119</u>	<u>5,683,893</u>
Creditors: amounts falling due within one year	17	(2,278,212)	(1,967,209)
<b>Net current assets</b>		<u>4,595,907</u>	<u>3,716,684</u>
<b>Total assets less current liabilities</b>		<u>5,427,843</u>	<u>4,655,276</u>
Creditors: amounts falling due after more than one year	18	(28,761)	(84,740)
<b>Provisions for liabilities</b>			
Deferred tax		(110,950)	(103,274)
<b>Net assets</b>		<u><u>5,288,132</u></u>	<u><u>4,467,262</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	95,000	95,000
Share premium account		1,000	1,000
Capital redemption reserve		5,000	5,000
Profit and loss account		5,187,132	4,366,262
		<u><u>5,288,132</u></u>	<u><u>4,467,262</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
A N McLeod  
Director

Date: 16/06/2022

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

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TEXCEL TECHNOLOGY PLC

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2022

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	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 February 2021	95,000	1,000	5,000	4,366,262	4,467,262
Profit for the year	-	-	-	820,870	820,870
At 31 January 2022	95,000	1,000	5,000	5,187,132	5,288,132

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2021

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	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 February 2020	95,000	1,000	5,000	3,870,318	3,971,318
Profit for the year	-	-	-	495,944	495,944
At 31 January 2021	95,000	1,000	5,000	4,366,262	4,467,262

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



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TEXCEL TECHNOLOGY PLC

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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JANUARY 2022

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	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	820,870	495,944
<b>Adjustments for:</b>		
Depreciation of tangible assets	405,644	191,124
Loss/(profit) on disposal of tangible assets	46,384	(2,499)
Interest paid	8,318	20,390
Taxation charge	120,950	45,534
(Increase)/decrease in stocks	(1,403,113)	1,078,350
(Increase)/decrease in debtors	(153,774)	295,786
Increase in creditors	281,065	249,842
Corporation tax (paid)	(67,964)	(7,541)
<b>Net cash generated from operating activities</b>	<b>58,380</b>	<b>2,366,930</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(345,372)	(1,090)
Sale of tangible fixed assets	-	2,499
HP interest paid	(8,318)	(15,763)
<b>Net cash from investing activities</b>	<b>(353,690)</b>	<b>(14,354)</b>

TEXCEL TECHNOLOGY PLC

STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2022

	2022 £	2021 £
<b>Cash flows from financing activities</b>		
Repayment of loans	-	(51,925)
Repayment of/new finance leases	(71,351)	(128,810)
Interest paid	-	(4,627)
<b>Net cash used in financing activities</b>	<b>(71,351)</b>	<b>(185,362)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(366,661)</b>	<b>2,167,214</b>
Cash and cash equivalents at beginning of year	1,459,495	(707,719)
<b>Cash and cash equivalents at the end of year</b>	<b>1,092,834</b>	<b>1,459,495</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,092,834	1,459,495
	<b>1,092,834</b>	<b>1,459,495</b>

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

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## TEXCEL TECHNOLOGY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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#### 1. General information

Texcel Technology plc is a public company limited by shares and incorporated in England and Wales. The address of the registered office is Thames Road, Crayford, Kent, DA1 4SB. The principal activity of the company during the year has been that of the design and manufacture of electronic instruments and equipment, including the design and manufacture of remote monitoring systems.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Foreign currency translation

###### Functional and presentation currency

The company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

**2.5 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

**2.6 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.7 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**2.8 Current and deferred taxation**

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.9 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.9 Tangible fixed assets (continued)**

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Leasehold property	- 7 years straight line
Plant and equipment	- 8 years straight line
Motor vehicles	- 5 years straight line
Computer and office equipment	- 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.10 Valuation of investments**

Investments held as fixed assets are shown at cost less provision for impairment.

**2.11 Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of labour.

**2.12 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.13 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

**2.14 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

a) Critical judgments in applying the company's accounting policies

No significant judgments were made by management in the preparation of the financial statements.

b) Key accounting estimates and assumptions

The company has made key assumptions regarding the useful economic life of tangible fixed assets and this is further described in note 2.9 of the accounting policies.

The company holds a significant amount of stock and is subject to changing consumer demands, industry trends and external economic factors. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature of the stock and applies assumptions around the anticipated saleability of the stock. As per note 14 the value of stock as at 31 January 2022 is £3,235,948 (2021 - £1,811,398) and this includes a stock provision of £147,684 (2021 - £162,756).

4. Turnover

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	10,969,623	9,561,541
EU	445,392	484,066
Rest of the world	240,136	238,371
	<u>11,655,151</u>	<u>10,283,978</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022

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5. Other operating income

	2022 £	2021 £
Government grants receivable - CJRS receipts	20,842	130,443

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	405,644	191,124
Exchange differences	71,358	27,604
Other operating lease rentals	84,000	77,000

7. Auditors' remuneration

	2022 £	2021 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	9,350	9,185

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.



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NOTES TO THE FINANCIAL STATEMENTS  
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**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	2,513,669	2,639,199
Social security costs	229,273	239,168
Cost of defined contribution scheme	112,330	110,123
	<u>2,855,272</u>	<u>2,988,490</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Production	63	72
Sales	4	4
Administration	27	30
	<u>94</u>	<u>106</u>

**9. Directors' remuneration**

	2022 £	2021 £
Directors' emoluments	205,942	203,087
Company contributions to defined contribution pension schemes	45,536	43,371
	<u>251,478</u>	<u>246,458</u>

During the year retirement benefits were accruing to 4 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £67,747 (2021 - £77,017).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,214 (2021 - £18,818).

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022

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**10. Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank interest payable	-	4,627
Finance leases and hire purchase contracts	<b>8,318</b>	15,763
	<b>8,318</b>	20,390

**11. Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>113,274</b>	67,964
<b>Total current tax</b>	<b>113,274</b>	67,964
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>7,676</b>	(22,430)
<b>Total deferred tax</b>	<b>7,676</b>	(22,430)
<b>Taxation on profit on ordinary activities</b>	<b>120,950</b>	45,534

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022

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11. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<b>941,820</b>	541,478
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>178,946</b>	102,881
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>11,542</b>	2,441
Capital allowances for year lower than depreciation	<b>(14,185)</b>	28,376
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	<b>(63,029)</b>	(65,734)
Deferred tax charge/(credit)	<b>7,676</b>	(22,430)
<b>Total tax charge for the year</b>	<b>120,950</b>	45,534

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS  
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12. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 February 2021	342,021	1,635,975	16,450	1,994,446
Additions	1,254	344,118	-	345,372
Disposals	(61,465)	(159,733)	(1,600)	(222,798)
At 31 January 2022	281,810	1,820,360	14,850	2,117,020
<b>Depreciation</b>				
At 1 February 2021	125,543	946,538	8,773	1,080,854
Charge for the year on owned assets	89,784	232,877	3,290	325,951
Charge for the year on financed assets	-	79,693	-	79,693
Disposals	(26,283)	(148,958)	(1,173)	(176,414)
At 31 January 2022	189,044	1,110,150	10,890	1,310,084
<b>Net book value</b>				
At 31 January 2022	92,766	710,210	3,960	806,936
At 31 January 2021	216,478	689,437	7,677	913,592

**Change in accounting estimate**

During the year, the company revised its fixed asset depreciation policies to bring them more in line with industry averages and to better reflect the useful life of fixed assets. These rates are disclosed within note 2.9 of these financial statements. As a result of the change, additional depreciation has been charged during the year of £221,937.

The net book value of assets held under finance leases or hire purchase contracts, included above, is as follows:

	2022 £	2021 £
Plant and machinery	203,766	320,329

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022

13. Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 February 2021	25,000
At 31 January 2022	<u>25,000</u>

14. Stocks

	2022 £	2021 £
Raw materials and consumables	3,235,948	1,811,398
Work in progress	667,806	689,243
	<u>3,903,754</u>	<u>2,500,641</u>

15. Debtors

	2022 £	2021 £
Trade debtors	1,741,067	1,633,421
Other debtors	282	269
Prepayments and accrued income	136,182	90,067
	<u>1,877,531</u>	<u>1,723,757</u>

16. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>1,092,834</u>	<u>1,459,495</u>

**TEXCEL TECHNOLOGY PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Trade creditors	1,555,619	821,647
Amounts owed to group undertakings	83,200	83,200
Corporation tax	113,274	67,964
Other taxation and social security	135,438	670,388
Obligations under finance lease and hire purchase contracts	58,325	73,697
Other creditors	110,470	122,563
Accruals and deferred income	221,886	127,750
	<u>2,278,212</u>	<u>1,967,209</u>

**18. Creditors: Amounts falling due after more than one year**

	2022 £	2021 £
Net obligations under finance leases and hire purchase contracts	<u>28,761</u>	<u>84,740</u>

The following liabilities were secured:

	2022 £	2021 £
Net obligations under finance leases and hire purchase contracts	<u>87,086</u>	<u>158,437</u>

Net obligations under hire purchase contracts are secured over the assets to which they relate.

**19. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	58,325	73,697
Between 1-2 years	28,761	84,740
	<u>87,086</u>	<u>158,437</u>

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TEXCEL TECHNOLOGY PLC

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20. Deferred taxation

	2022 £	2021 £
At beginning of year	103,274	125,704
Charged to profit or loss	7,676	(22,430)
<b>At end of year</b>	<b>110,950</b>	<b>103,274</b>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	110,950	103,274

21. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
950,000 (2021 - 950,000) Ordinary shares of £0.10 each	95,000	95,000

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £112,330 (2021 - £110,123). At the year end the company owed the scheme £18,606 (2021 - £14,874).

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TEXCEL TECHNOLOGY PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022

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**23. Commitments under operating leases**

At 31 January 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
<b>Land and buildings</b>		
Not later than 1 year	35,000	84,000
Later than 1 year and not later than 5 years	-	35,000
	<u>35,000</u>	<u>119,000</u>
	2022 £	2021 £
<b>Other tangible fixed assets</b>		
Not later than 1 year	5,208	-
Later than 1 year and not later than 5 years	8,680	-
	<u>13,888</u>	<u>-</u>

**24. Related party transactions**

During the year the company paid rent of £84,000 (2021 - £77,000) to Parkside Works Limited, a company under common control. At the balance sheet date the amount owed to Parkside Works Limited was £91,864 (2021 - £107,589).

**25. Controlling party**

The ultimate parent undertaking is Texcel (2011) Limited.

There is no single controlling party.