
TEXCEL TECHNOLOGY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

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TEXCEL TECHNOLOGY PLC

COMPANY INFORMATION

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

TEXCEL TECHNOLOGY PLC

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TEXCEL TECHNOLOGY PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2023

Introduction

The directors present their strategic report accompanying the financial statements for the year ended 31 January 2023.

Business review

A very successful year.

The company continued to deliver solutions and products to customers during another challenging year. With on-going global shortages of electronic components showing only the faintest glimmer of improvement, and continued cost increases.

The company's proactive purchasing team and a solid network of suppliers enabled Texcel to continue to supply goods to our customers and source even the scarcest parts. This helped to boost sales and secure additional projects which is reflected in the company's excellent performance.

The company has achieved significant growth from both existing and new customers.

The company's strategic decision to increase stock continues to prove invaluable allowing us to meet customer demands during this period of supply issues.

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 two new engineering graduates this year.

The results to the year-end 31st January 2023 were a fantastic growth in turnover of 22% to £14.2m. The company maintained its net margin and continued to strengthen its excellent business relationships with customers offering flexible rescheduling and product redesigns.

Texcel is predicting a further year of growth as the marketplace continues to grow and component/material availability improves. The trend to reduce extended supply chains has resulted in more manufacturing returning to the UK and from these positive aspects we expect 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.

TEXCEL TECHNOLOGY PLC

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

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
- Availability of skilled staff
- Managing the organisational capacity

However, the directors are confident 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; On time delivery and Quality.

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.

TEXCEL TECHNOLOGY PLC

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

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 to 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.

TEXCEL TECHNOLOGY PLC

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

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



A N McLeod
Director

Date: 6/7/23

TEXCEL TECHNOLOGY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2023

The directors present their report and the financial statements for the year ended 31 January 2023.

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;
- 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 £1,486,638 (2022 - £820,870).

Dividends were voted during the year of £120,000 (2022 - £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

Future developments

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

TEXCEL TECHNOLOGY PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

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 8.5 tonnes of CO₂e from activities involving the consumption of fuel for the purposes of transport, 82.74 tonnes of CO₂e from the purchase of electricity for its own use and 3.45 tonnes of CO₂e from the purchase of gas for its own use. In aggregate it consumed 447,043 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 CO₂e per £m of sales revenue, is 6.67.

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

There have been no significant events affecting the company since the year end.

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
Director & Secretary

Date: 6th July 2023

TEXCEL TECHNOLOGY PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEXCEL TECHNOLOGY PLC

Opinion

We have audited the financial statements of Texcel Technology Plc (the 'company') for the year ended 31 January 2023, which comprise the Statement of comprehensive income, the Balance sheet, 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

TEXCEL TECHNOLOGY PLC

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

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.

TEXCEL TECHNOLOGY PLC

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

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.

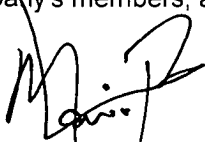
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting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

[Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.]

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. 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: 7. July. 2022

TEXCEL TECHNOLOGY PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2023

	Note	2023 £	2022 £
Turnover	4	14,201,925	11,655,151
Cost of sales		(9,936,445)	(8,093,219)
Gross profit		4,265,480	3,561,932
Administrative expenses		(2,564,426)	(2,632,636)
Other operating income	5	23,491	20,842
Operating profit	6	1,724,545	950,138
Profit/loss on disposal of investments		84,200	-
Interest payable and similar expenses	10	(13,573)	(8,318)
Profit before tax		1,795,172	941,820
Tax on profit	11	(308,534)	(120,950)
Profit for the financial year		1,486,638	820,870

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 13 to 26 form part of these financial statements.

TEXCEL TECHNOLOGY PLC
REGISTERED NUMBER: 02607732

BALANCE SHEET
AS AT 31 JANUARY 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	12	741,443	806,936
Investments	13	-	25,000
		<u>741,443</u>	<u>831,936</u>
Current assets			
Stocks	14	5,322,522	3,903,754
Debtors: amounts falling due within one year	15	2,099,466	1,877,531
Cash at bank and in hand	16	972,708	1,092,834
		<u>8,394,696</u>	<u>6,874,119</u>
Creditors: amounts falling due within one year	17	(2,071,079)	(2,278,212)
Net current assets		<u>6,323,617</u>	<u>4,595,907</u>
Total assets less current liabilities		<u>7,065,060</u>	<u>5,427,843</u>
Creditors: amounts falling due after more than one year	18	(269,521)	(28,761)
Provisions for liabilities			
Deferred tax		(140,769)	(110,950)
Net assets		<u><u>6,654,770</u></u>	<u><u>5,288,132</u></u>
Capital and reserves			
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		6,553,770	5,187,132
		<u><u>6,654,770</u></u>	<u><u>5,288,132</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

The notes on pages 13 to 26 form part of these financial statements.

TEXCEL TECHNOLOGY PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2023**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 February 2022	95,000	1,000	5,000	5,187,132	5,288,132
Profit for the year	-	-	-	1,486,638	1,486,638
Dividends: Equity capital	-	-	-	(120,000)	(120,000)
At 31 January 2023	95,000	1,000	5,000	6,553,770	6,654,770

The notes on pages 13 to 26 form part of these financial statements.

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

	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

The notes on pages 13 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

1. General information

Texcel Technology plc is a 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

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.

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.

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis.

Leasehold property	- 7 Years straight line
Plant and machinery	- 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.

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 2023**

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.

2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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 2023 is £4,208,141 (2022 - £3,235,948) and this includes a stock provision of £208,833 (2021 - £147,684).

TEXCEL TECHNOLOGY PLC

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4. Turnover

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	13,521,102	10,969,623
E.U.	680,823	445,392
Rest of the world	-	240,136
	<u>14,201,925</u>	<u>11,655,151</u>

5. Other operating income

	2023 £	2022 £
Settlement from liquidator	23,491	-
Government grants receivable CJRS receipts	-	20,842
	<u>23,491</u>	<u>20,842</u>

6. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation on tangible fixed assets	203,283	405,644
Exchange differences	81,572	71,358
Other operating lease rentals	75,000	84,000
	<u>(209,855)</u>	<u>(393,002)</u>

7. Auditors' remuneration

	2023 £	2022 £
Fees payable to the company's auditors for the audit of the company's financial statements	9,995	9,350

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated 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:

	2023 £	2022 £
Wages and salaries	2,836,203	2,513,669
Social security costs	261,664	229,273
Cost of defined contribution scheme	114,148	112,330
	<u>3,212,015</u>	<u>2,855,272</u>

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

	2023 No.	2022 No.
Production	68	63
Sales	4	4
Administration	28	27
	<u>100</u>	<u>94</u>

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	271,626	205,942
Company contributions to defined contribution pension schemes	47,059	45,536
	<u>318,685</u>	<u>251,478</u>

During the year retirement benefits were accruing to 4 directors (2022 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £81,210 (2022 - £67,747).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,570 (2022 - £4,214).

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

10. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	46	-
Finance leases and hire purchase contracts	13,527	8,318
	<u>13,573</u>	<u>8,318</u>

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	278,715	113,274
Total current tax	<u>278,715</u>	<u>113,274</u>
Deferred tax		
Origination and reversal of timing differences	29,819	7,676
Total deferred tax	<u>29,819</u>	<u>7,676</u>
Tax on profit	<u>308,534</u>	<u>120,950</u>

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>1,795,172</u>	<u>941,820</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	341,083	178,946
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,489	11,542
Capital allowances in excess of depreciation for year	1,679	(14,185)
Adjustment in Research and development tax credit leading to an increase (decrease) in the tax charge	(66,536)	(63,029)
Deferred tax charge/(credit)	29,819	7,676
Total tax charge for the year	<u>308,534</u>	<u>120,950</u>

Factors that may affect future tax charges

The main rate of corporation tax in the UK increased to 25% on 1st April 2023. Otherwise, there are no factors that may affect future tax charges.

TEXCEL TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

12. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 February 2022	281,810	1,820,360	14,850	2,117,020
Additions	15,446	122,345	-	137,791
Disposals	-	(52,982)	-	(52,982)
At 31 January 2023	297,256	1,889,723	14,850	2,201,829
Depreciation				
At 1 February 2022	189,044	1,110,150	10,890	1,310,084
Charge for the year on owned assets	32,622	120,065	2,970	155,657
Charge for the year on financed assets	-	47,627	-	47,627
Disposals	-	(52,982)	-	(52,982)
At 31 January 2023	221,666	1,224,860	13,860	1,460,386
Net book value				
At 31 January 2023	75,590	664,863	990	741,443
At 31 January 2022	92,766	710,210	3,960	806,936

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

	2023 £	2022 £
Plant and machinery	558,653	203,766
	<u>558,653</u>	<u>203,766</u>

TEXCEL TECHNOLOGY PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

13. Fixed asset investments

	Unlisted investments £
At 1 February 2022	25,000
Disposals	(25,000)
At 31 January 2023	-

14. Stocks

	2023 £	2022 £
Raw materials and consumables	4,208,141	3,235,948
Work in progress	1,114,381	667,806
	<u>5,322,522</u>	<u>3,903,754</u>

15. Debtors

	2023 £	2022 £
Trade debtors	1,944,138	1,741,067
Other debtors	3,552	282
Prepayments and accrued income	151,776	136,182
	<u>2,099,466</u>	<u>1,877,531</u>

16. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	972,708	1,092,834
	<u>972,708</u>	<u>1,092,834</u>

TEXCEL TECHNOLOGY PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

17. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	1,139,020	1,555,619
Amounts owed to group undertakings	83,200	83,200
Corporation tax	278,715	113,274
Other taxation and social security	323,603	135,438
Obligations under finance lease and hire purchase contracts	108,822	58,325
Other creditors	18,302	110,470
Accruals and deferred income	119,417	221,886
	<u>2,071,079</u>	<u>2,278,212</u>

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

	2023	2022
	£	£
Net obligations under finance leases and hire purchase contracts	269,521	28,761
	<u>269,521</u>	<u>28,761</u>

The following liabilities were secured:

	2023	2022
	£	£
Net obligations under finance leases and hire purchase contracts	378,343	87,086
	<u>378,343</u>	<u>87,086</u>

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

TEXCEL TECHNOLOGY PLC

**NOTES TO THE FINANCIAL STATEMENTS
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19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	92,494	58,325
Between 1-2 years	60,870	28,761
Within 2-5 years	224,979	-
	<u>378,343</u>	<u>87,086</u>

20. Deferred taxation

	2023 £	2022 £
At beginning of year	(110,950)	(103,274)
Charged to profit or loss	(29,819)	(7,676)
At end of year	<u>(140,769)</u>	<u>(110,950)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(140,769)	(110,950)
	<u>(140,769)</u>	<u>(110,950)</u>

21. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
950,000 (2022 - 950,000) Ordinary shares of £0.10 each	<u>95,000</u>	<u>95,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
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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 £114,148 (2022 - £112,330). At the year end the company owed the scheme £18,302 (2022 - £18,806).

23. Commitments under operating leases

At 31 January 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Land and buildings		
Not later than 1 year	112,000	35,000
Later than 1 year and not later than 5 years	450,000	-
	<u>562,000</u>	<u>35,000</u>
	2023 £	2022 £
Other tangible fixed assets		
Not later than 1 year	5,208	5,208
Later than 1 year and not later than 5 years	3,472	8,680
	<u>8,680</u>	<u>13,888</u>

24. Related party transactions

During the year the company paid rent of £75,000 (2022 - £84,000) to Parkside Works Limited, a company under common control. At the balance sheet date the amount due from Parkside Works Limited was £3,258 (2022 - Due to £91,864).

25. Controlling party

The ultimate parent undertaking is Texcel (2011) Limited.

There is no single controlling party.