

Registration number: 01034386

STANDEX ELECTRONICS (U.K.) LIMITED

Annual Report and Financial Statements

for the Year Ended 30 June 2022



Standex Electronics (U.K.) Limited

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Standex Electronics (U.K.) Limited

Company Information

Directors J R Meeks
D A Dunbar

Company secretary JTC (UK) Limited

Registered office The Scalpel
18th Floor
52 Lime Street
London
EC3M 7AF

Auditor Deloitte LLP
Statutory Auditor
Hanover Building
Corporation Street
Manchester
M4 4AH

Bankers The Royal Bank of Scotland plc
Drummond House
1 Redheughs Avenue
Edinburgh
EH12 9JN

Standex Electronics (U.K.) Limited

Strategic Report for the Year Ended 30 June 2022

The directors present their strategic report for the year ended 30 June 2022.

Principal activity

The principal activity of the company is the manufacture of electronic components.

Fair review of the business and key performance indicators

During the year the company has seen a increase in turnover of £1,450,564 from 2021. This is mainly due to price increases and an increase in demand.

Operating profit increased by £813,025 from 2021, an increase of 124.5% This is mainly due to increased demand, improved margins, FX gains and reduction in parent company management charges.

Average number of employees saw a small increase from 72 in 2021 to 75 in 2022.

Net assets has increased to £1,465,052 as at 30 June 2022 due to profit in the year offset against dividends paid of £500,000.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Turnover	£	8,584,054	7,133,490
Operating profit	£	1,466,156	653,131
Average number of employees		75	72
Net assets	£	1,480,509	760,074

Future developments

The directors expect the general level of activity to remain consistent with 2022 in the forthcoming year.

Principal risks and uncertainties and financial risk management

The principal risks and uncertainties facing the company are broadly grouped as - credit, financial and liquidity risk.

Credit risk

Company policies are aimed at minimising such losses and require customers to satisfy credit worthiness procedures prior to acceptance of contracts. The company also utilises insurance policies to protect against non-payment of debt. The company does not consider that it is materially exposed to credit risk

Financial risk

The Company's operations expose it to the financial risks of changes in foreign currency exchange rates, especially US dollars. The company does not use derivative financial instruments to mitigate this risk, nor are they used for speculative purposes, however these risks are reduced due to the company policy of repayments of intercompany foreign operating balances each month.

Liquidity risk

The Company is also exposed to liquidity risk which is managed by organising appropriate bank facilities and monitoring working capital. Cash flow and liquidity risk are also mitigated through the management of credit terms on the amounts due to companies who are the primary suppliers to the company.

Standex Electronics (U.K.) Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

November 20, 2023 | 08:17:19 EST

Approved and authorised for issue by the Board on and signed on its behalf by:

DocuSigned by:

David Dunbar

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D A Dunbar

Director

Standex Electronics (U.K.) Limited

Directors' Report for the Year Ended 30 June 2022

The directors present their report and the audited financial statements for the year ended 30 June 2022.

Directors of the company

The directors who held office during the year and to the date of signing this report were as follows:

J R Meeks
D A Dunbar

Dividends

Dividends paid during the year comprise an interim dividend of £500,000 in respect of the year ended 30 June 2022 (2021 - £900,000). The directors do not recommend payment of a final dividend (2021 - £Nil).

Financial instruments

Details of financial instruments are provided in the strategic report on page 2 and form part of this report by cross reference.

Research and development

Research and development is mainly focused on improving manufacturing techniques so that the finished goods are produced more efficiently and have improved quality. Expenditure on research is written off as incurred. Expenditure incurred in the year was £68,510 (2021 - £59,549).

Political donations

There were no political donations in the year.

Post Balance Sheet Events

There were no post balance sheet events.

Standex Electronics (U.K.) Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 2.

At the balance sheet date the company had net current assets of £611,056 (2021 - net current liabilities of £181,027) and net assets of £1,480,509 (2021 - £760,074).

A review of the company's business activities together with the factors likely to affect its future performance and financial position are set out in the Strategic Report. The Strategic Report includes the policies and objectives for managing the company's financial risk and sets out the financial resources available to the company.

The company has prepared detailed forecasts and projections for a period of at least 12 months from the date of signing these financial statements. These have been sensitised to consider severe but plausible scenarios resulting in a decline in trading performance. The company's forecasts and projections show that the company is expected to continue to have a sufficient level of financial resources available through its current and future cash resources. The directors therefore consider that the company is well placed to manage its business risks successfully despite the economic uncertainty. The directors have also received confirmation from the ultimate parent company, Standex International Corporation Inc, of its continued financial support for at least 12 months from the approval of these financial statements.

Whilst all expectations of the future are inherently uncertain due to the current circumstances, after making enquiries, and alongside parent company support, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefit of its directors, and the benefit of directors of the parent undertaking, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party provision remains in force at the date of this report.

Disclosure of information in the strategic report

In accordance with section 414 of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company has chosen to include a strategic report.

The information in this report covers financial risk management and future developments and forms part of this report by cross reference.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant audit information that they know of and of which they know the auditors are unaware.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Standex Electronics (U.K.) Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

November 20, 2023 | 08:17:19 EST

Approved and authorised for issue by the Board on and signed on its behalf by:

DocuSigned by:

David Dunbar

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D A Dunbar

Director

Standex Electronics (U.K.) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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 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.

November 20, 2023 | 08:17:19 EST

Approved by the Board on and signed on its behalf by:

DocuSigned by:

David Dunbar

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D A Dunbar
Director

Standex Electronics (U.K.) Limited

Independent Auditor's Report to the Members of Standex Electronics (U.K.) Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements of Standex Electronics (U.K.) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the statement of financial position; and
- the notes 1 to 18.

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).

Basis for qualified opinion

Included in the financial statements at 30 June 2022 and 30 June 2021 are amounts due to group undertakings of £4,084,512 (2021: £3,497,162) and amounts due by group undertakings of £160,379 (2021: £177,645) respectively. Of these balances, for a net credit position of £5,172,482 [for both periods,] we were unable to obtain sufficient appropriate audit evidence because management does not have financial information dating back to the inception of some of these balances. Consequently, we were unable to determine whether any adjustment to these amounts was necessary. Our audit opinion on the financial statements for the year ended 30 June 2021 was qualified accordingly.

Furthermore, we were not appointed as auditor of the company until after 30 June 2021 and thus did not observe the counting of physical inventories for the financial year ended 30 June 2021. We were unable to satisfy ourselves by alternative means concerning the inventory quantities of £1,410,042 held at 30 June 2021 by using other audit procedures. Consequently, we were unable to determine whether there was any consequential effect on the cost of sales for the year ended 30 June 2022. Our audit opinion on the financial statements for the year ended 30 June 2021 was qualified accordingly.

Whilst physical inventories were observed for financial year ended 30 June 2022, our opinion on the current year's financial statements is also qualified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

In addition, were any adjustment to the inventory and amounts due to and by group undertakings balances to be required, the strategic report would also need to be amended.

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

Standex Electronics (U.K.) Limited

Independent Auditor's Report to the Members of Standex Electronics (U.K.) Limited (continued)

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £1,410,042 held as at 30 June 2021 and net amounts due to and by group undertakings of £5,172,482 held as at 30 June 2022 and 30 June 2021. We have concluded that where the other information refers to the inventory balance, amounts due to and by group undertakings balances, or related balances such as cost of sales, it may be materially misstated for the same reason.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Standex Electronics (U.K.) Limited

Independent Auditor's Report to the Members of Standex Electronics (U.K.) Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework[s] that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud [or non-compliance with laws and regulations] in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition: Revenue carries a presumed significant risk due to fraud in the current year. The significant risk has been focused on cut-off, based on the shipping terms and locations of customers. It is primarily focused on pre year-end sales due to timing of shipping and the associated revenue recognition. The procedures performed to address this risk included testing the design and implementation of relevant controls and performing test of detail by tracing transactions from the general ledger either side of year end to invoices and related shipping documents and cash receipts.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Standex Electronics (U.K.) Limited

Independent Auditor's Report to the Members of Standex Electronics (U.K.) Limited (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, 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.

Except for the possible effects of the matters described in the basis for qualified opinion section of our report, 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Arising solely from the limitation on the scope of our work relating to amounts due to and by group undertakings balances, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Standex Electronics (U.K.) Limited

Independent Auditor's Report to the Members of Standex Electronics (U.K.) Limited (continued)

DocuSigned by:



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Matthew Smith
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Statutory Auditor,
Hanover Building
Corporation Street
Manchester
M4 4AH

November 20, 2023 | 14:15:48 GMT
Date:.....

Standex Electronics (U.K.) Limited

Statement of Comprehensive Income and Retained Earnings for the Year Ended 30 June 2022

	Note	2022 £	2021 £
Turnover	3	8,584,054	7,133,490
Cost of sales		<u>(5,806,746)</u>	<u>(5,075,104)</u>
Gross profit		2,777,308	2,058,386
Distribution costs		(84,007)	(57,144)
Administrative expenses		<u>(1,227,145)</u>	<u>(1,348,111)</u>
Operating profit	4	<u>1,466,156</u>	<u>653,131</u>
Profit before tax		1,466,156	653,131
Taxation	7	<u>(245,721)</u>	<u>(131,413)</u>
Profit and comprehensive income for the financial year		1,220,435	521,718
Retained earnings brought forward		755,074	1,133,356
Dividends paid		<u>(500,000)</u>	<u>(900,000)</u>
Retained earnings carried forward		<u><u>1,475,509</u></u>	<u><u>755,074</u></u>

All results were from continuing operations in both years.


The notes on pages 15 to 28 form an integral part of these financial statements.

Standex Electronics (U.K.) Limited**(Registration number: 01034386)****Statement of Financial Position as at 30 June 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	8	1,076,321	1,179,173
Current assets			
Stocks	9	1,314,290	1,410,042
Debtors	10	1,188,034	1,093,084
Cash at bank and in hand		2,938,926	1,392,314
		<u>5,441,250</u>	<u>3,895,440</u>
Creditors: Amounts falling due within one year	11	<u>(4,830,194)</u>	<u>(4,076,467)</u>
Net current assets/(liabilities)		<u>611,056</u>	<u>(181,027)</u>
Total assets less current liabilities		1,687,377	998,146
Provisions for liabilities	12	<u>(206,868)</u>	<u>(238,072)</u>
Net assets		<u>1,480,509</u>	<u>760,074</u>
Capital and reserves			
Called up share capital		5,000	5,000
Profit and loss account	15	<u>1,475,509</u>	<u>755,074</u>
Total equity		<u>1,480,509</u>	<u>760,074</u>

November 20, 2023 | 08:17:19 EST

Approved and authorised for issue by the Board on and signed on its behalf by:

DocuSigned by:

 DD142608E2B54DB.....
 D A Dunbar
 Director

The notes on pages 15 to 28 form an integral part of these financial statements.

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

1 General information

Standex Electronics (U.K.) Limited (the company) is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales. The principal activity of the company is disclosed in the strategic report on page 2.

The address of its registered office is The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

These financial statements are prepared in sterling, which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Standex International Corporation Inc which can be obtained from 11 Keewaydin Drive, Salem, New Hampshire 03709, United States of America. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 2.

At the balance sheet date the company had net current assets of £611,056 (2021 - net current liabilities of £181,027) and net assets of £1,480,509 (2021 - £760,074).

A review of the company's business activities together with the factors likely to affect its future performance and financial position are set out in the Strategic Report. The Strategic Report includes the policies and objectives for managing the company's financial risk and sets out the financial resources available to the company.

The company has prepared detailed forecasts and projections for a period of at least 12 months from the date of signing these financial statements. These have been sensitised to consider severe but plausible scenarios resulting in a decline in trading performance. The company's forecasts and projections show that the company is expected to continue to have a sufficient level of financial resources available through its current and future cash resources. The directors therefore consider that the company is well placed to manage its business risks successfully despite the economic uncertainty. The directors have also received confirmation from the ultimate parent company, Standex International Corporation Inc, of its continued financial support for at least 12 months from the approval of these financial statements.

Whilst all expectations of the future are inherently uncertain due to the current circumstances, after making enquiries, and alongside parent company support, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

A review of the company's business activities together with the factors likely to affect its future performance and financial position are set out in the Strategic Report. The Directors' Report includes the policies and objectives for managing the company's financial risk and sets out the financial resources available to the company.

The company has prepared detailed forecasts and projections for a period of at least 12 months from the date of signing these financial statements. These have been sensitised to consider severe but plausible scenarios resulting in a decline in trading performance. The company's forecasts and projections show that the company is expected to continue to have a sufficient level of financial resources available through its current and future cash resources. The directors therefore consider that the company is well placed to manage its business risks successfully despite the economic uncertainty. The directors have also received confirmation from the ultimate parent company, Standex International Corporation Inc, of its continued financial support for at least 12 months from the approval of these financial statements.

Whilst all expectations of the future are inherently uncertain due to the current circumstances, after making enquiries, and alongside parent company support, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Revenue recognition

Turnover represents the value of goods invoiced to customers during the period, after deducting returns and allowances, exclusive of Value Added Tax "VAT". Revenue is recognised when the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Foreign currency transactions and balances

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost are not retranslated.

Exchange differences are recognised within administrative expenses in the Statement of Income and Retained Earnings in the period in which they arise.

Tax

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

Current tax is recognised as taxable profits for the current and past periods. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged to the P&L so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Asset class	Depreciation method and rate
Freehold buildings	14 to 25 years straight line
Plant and machinery	10 years straight line
Fixtures, fittings and equipment	4 to 10 years straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. During the year, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared or in respect of the company's final dividend, approved by shareholders.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

The Company's employees participate in the Standex UK Retirement Plan which provides benefits on a final salary and defined contribution basis. Contributions to the scheme are made by a number of participating companies, including Standex Electronics (U.K) Limited, however the legal responsibility of the plan is with Standex Holdings Limited.

There is no contractual agreement or stated policy for charging the net defined benefit cost to the individual group entities, and as a result, and in accordance with FRS 102.28.38, the net defined benefit plan has been recognised within the financial statements of Standex Holdings Limited, and the other group entities, including Standex Electronics (U.K) Limited, have recognised a cost equal to their contribution payable for the period.

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Recognition and measurement

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no significant judgements that management has made in the process of applying the entity's accounting policies which effect the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. There are no significant estimates and assumptions used within the financial statements

3 Turnover

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

	2022 £	2021 £
Sale of goods	<u>8,584,054</u>	<u>7,133,490</u>

The analysis of the company's Turnover for the year by market is as follows:

	2022 £	2021 £
UK	534,147	203,812
Europe	2,000,484	1,428,995
Rest of world	<u>6,049,423</u>	<u>5,500,683</u>
	<u>8,584,054</u>	<u>7,133,490</u>

4 Operating profit

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	241,756	245,097
Research and development cost	68,510	59,549
Foreign exchange (gains)/losses	(96,653)	103,740
Operating lease expense - plant and machinery	<u>256</u>	<u>852</u>

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

5 Staff costs

The aggregate payroll costs were as follows:

	2022	2021
	£	£
Wages and salaries	2,244,437	2,107,170
Social security costs	222,884	201,858
Pension costs, defined contribution scheme	102,747	94,926
	<u>2,570,068</u>	<u>2,403,954</u>

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

	2022	2021
	No.	No.
Factory and warehouse	65	63
Administration and support	10	9
	<u>75</u>	<u>72</u>

There were no paid directors in the current year or prior year.

6 Auditor's remuneration

	2022	2021
	£	£
Audit of the financial statements	<u>17,400</u>	<u>21,000</u>

Non audit fees for the year were £nil (2021: £nil).

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

7 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax	283,195	94,249
UK corporation tax adjustment to prior periods	(6,270)	(4,690)
	<u>276,925</u>	<u>89,559</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(23,715)	(15,474)
Arising from changes in tax rates and laws	(7,489)	57,328
Total deferred taxation	<u>(31,204)</u>	<u>41,854</u>
Tax charge in the statement of comprehensive income	<u>245,721</u>	<u>131,413</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>1,466,156</u>	<u>653,131</u>
Corporation tax at standard rate	278,570	124,095
(Decrease)/increase from effect of different UK tax rates on some earnings	(7,489)	57,137
Effect of revenues exempt from taxation	(1,027)	(361)
Effect of expense not deductible in determining taxable profit (tax loss)	1,892	-
Decrease in UK and foreign current tax from adjustment for prior periods	(6,270)	(4,499)
Tax increase from effect of capital allowances and depreciation	-	1,426
Tax decrease arising from group relief	<u>(19,955)</u>	<u>(46,385)</u>
Total tax charge	<u>245,721</u>	<u>131,413</u>

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

7 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Liability £
2022	
Fixed asset timing differences	210,284
Short term timing differences	<u>(3,416)</u>
	<u>206,868</u>
2021	
Fixed asset timing differences	241,443
Short term timing differences	<u>(3,371)</u>
	<u>238,072</u>

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was deemed substantively enacted on 17 March 2020. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. This new law was deemed substantively enacted on 24 May 2021 and the deferred tax balances at the year end have been calculated based on this rate.

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

8 Tangible assets

	Assets under construction £	Freehold property £	Fixtures and fittings £	Plant and machinery £	Total £
Cost or valuation					
At 1 July 2021	66,870	882,416	232,083	5,383,323	6,564,692
Additions	8,299	59,483	19,346	51,776	138,904
Disposals	-	-	(8,230)	(13,871)	(22,101)
At 30 June 2022	<u>75,169</u>	<u>941,899</u>	<u>243,199</u>	<u>5,421,228</u>	<u>6,681,495</u>
Depreciation					
At 1 July 2021	-	821,791	145,269	4,418,459	5,385,519
Charge for the year	-	9,954	39,131	192,671	241,756
Eliminated on disposal	-	-	(8,230)	(13,871)	(22,101)
At 30 June 2022	<u>-</u>	<u>831,745</u>	<u>176,170</u>	<u>4,597,259</u>	<u>5,605,174</u>
Carrying amount					
At 30 June 2022	<u>75,169</u>	<u>110,154</u>	<u>67,029</u>	<u>823,969</u>	<u>1,076,321</u>
At 30 June 2021	<u>66,870</u>	<u>60,625</u>	<u>86,814</u>	<u>964,864</u>	<u>1,179,173</u>

9 Stocks

	2022 £	2021 £
Raw materials and consumables	797,882	952,981
Work in progress	386,678	351,495
Finished goods and goods for resale	129,730	105,566
	<u>1,314,290</u>	<u>1,410,042</u>

10 Debtors

Current	Note	2022 £	2021 £
Trade debtors		822,061	600,425
Amounts owed by group undertakings	18	160,379	177,645
Other debtors		56,260	187,839
Prepayments		149,334	127,175
		<u>1,188,034</u>	<u>1,093,084</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

11 Creditors

	2022 £	2021 £
Due within one year		
Trade creditors	385,643	314,432
Amounts due to group undertakings	4,084,512	3,497,162
Social security and other taxes	49,103	48,521
Other creditors	4,671	3,636
Accrued expenses	306,265	212,716
	<u>4,830,194</u>	<u>4,076,467</u>

Corporation tax liabilities and Group relief payable were reclassified into Amounts owed by group undertakings as there is a Group payment arrangement.

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

12 Provisions for liabilities

	Deferred tax £
At 1 July 2021	238,072
Increase (decrease) in existing provisions	<u>(31,204)</u>
At 30 June 2022	<u>206,868</u>

13 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension charge to the profit and loss for the year represents contributions payable by the company to the scheme and amounted to £102,747 (2021 - £94,926).

Contributions totalling £13,665 (2021 - £13,485) were payable to the scheme at the end of the year and are included in creditors.

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

13 Pension and other schemes (continued)

Defined benefit pension schemes

Standex UK Retirement Plan

The company participates in the Standex UK retirement plan which is a defined benefit pension scheme providing benefits based on final pensionable salary. The contributions paid by the Company are accounted for as if it were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the defined benefit scheme on a consistent and reasonable basis. The scheme is financed with assets held in independently administered funds. A valuation update was made as at 30 June 2021 by a qualified independent actuary. Scheme liabilities have been calculated using a consistent projected unit valuation method and compared to the scheme's assets at their 30 June market value. The employer's future service contribution rate has been adjusted to take into account the deficit disclosed by the valuation, spread over the average remaining service lives of the members of the scheme. The scheme was closed to future accrual in September 2005. The income (within Standex Holdings Limited) relating to the defined benefit scheme in the year was £55,000 (2021 - £47,000). An amount of £Nil (2021 - £Nil) is included within accruals being the outstanding contributions to the Standex UK retirement plan.

14 Share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

Rights, preferences and restrictions

The ordinary shares carry the right to vote, on the basis of one vote for every ordinary share, and to receive dividends.

15 Reserves

Profit and loss account

This reserve records the retained earnings of the company.

16 Dividends

Interim dividends paid

	2022 £	2021 £
Interim dividend of £100.00 (2021 - £180.00) per each Ordinary share	<u>500,000</u>	<u>900,000</u>

Standex Electronics (U.K.) Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

17 Parent and ultimate parent undertaking

The company's immediate parent is Standex Holdings Limited, incorporated in England and Wales.

The ultimate parent is Standex International Corporation Inc, incorporated in Delaware, United States of America.

The parent of the smallest and largest group for which consolidated financial statements are prepared that include the results of this company is Standex International Corporation Inc. These financial statements are available upon request from its registered address, 11 Keewaydin Drive, Salem, New Hampshire 03079, United States of America and the group's website <https://ir.standex.com/>

The ultimate controlling party is Standex International Corporation Inc.

18 Related party transactions

The company has taken advantage of the exemption under Section 33 of FRS 102 from disclosing transactions with members or investees of the Standex International Corporation Inc. group.