

Registered number: 02026753

# **CUSTOM INTERCONNECT LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**



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**CUSTOM INTERCONNECT LIMITED**

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**COMPANY INFORMATION**

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**Directors** J G Boston  
C R Wright BA (Hons), ACA  
P J Mitter

**Registered number** 02026753

**Registered office** CIL House  
Charlton Road  
Andover  
Hampshire  
SP10 3JL

**Independent auditor** Crowe U.K. LLP  
Aquis House  
49-51 Blagrove Street  
Reading  
Berkshire  
RG1 1PL

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**CUSTOM INTERCONNECT LIMITED**

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## CUSTOM INTERCONNECT LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

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#### Business review

The directors present their strategic report on the company for the year ended 30 June 2023.

Custom Interconnect Limited (CIL) is the leading UK advanced electronics manufacturing facility supporting global OEM's develop and manufacture world leading products at the lowest total costs to the most exacting mission critical quality requirements.

The business supports over 70 customers and whilst diverse it specialises in medical technologies including lab on chip bio sensors, high performance power modules for the accelerating electrification of the world in automotive, power generation and management; Radio frequency technology to exacting broadcast, homeland security, remote vehicle and space applications to name a few. As customers push the boundaries of what is possible, we have accelerated our investment and support and have just completed the brand-new construction of the most advanced 60,000 sq. ft manufacturing facility in the UK and Northern Europe.

Our vision is to be our customers first choice, our mission being to innovate world class engineering and manufacturing solutions using our investment in highly skilled people and advanced manufacturing processes.

The last 18 months have seen the biggest levels of investment in the business since its inception 37 years ago. With over £6m invested in equipment and the new factory fit out in Andover in this financial year and a further £6m to March 2024. Phase 1 of the fit out included a brand-new office suite to support our engineering expansion and a 18,000 sq. ft world class clean room for the microelectronics and power electronics divisions of the business. Phase 2 of the fit out which was committed at the yearend will now provide a further 23000 feet of climate controlled SMT production space with up to 6 additional SMT lines planned and 2 already installed at the time of writing taking the immediate Mycronic SMT capacity in Andover to 7 production and 1 rapid prototyping line.

This investment is in support of the businesses continued strategy to grow into the largest and most advanced electronics production facility in the UK.

The business grew by 38% in 2022/23 and the ongoing profitable sales have ensured the business has the resources to enhance its capability in-line with its customers and markets of choice. Sales increased to £25.3m (2022: £18.4m) with a good spread of customers and markets facilitating this growth, the largest being defence comms, medical - lab on chip micro electronic technology, and power module inverter technology. Operating profit after R&D investment increased to £3.31m (2022: £2.74m) and EBITDA to £4.69m (2022: £3.53m).

Customer development with rapid NPI requirements has led to the establishment of a dedicated fast-track prototyping production area in CIL House. As the component shortage and long lead-time issues of the last 2 years alleviates the pressure is back on production in clearing the backlog and keeping up with the delivery of a rapidly growing orderbook both in terms of higher volumes and increased diversity of products.

A number of the R&D projects which have had over £7m invested in by the business over the last 3 years are delivering world leading commercial competitive advantage particularly in processing and packaging semiconductor technology for high performance markets like the Battery Electronic Vehicle ("BEV") sector. As Custom Interconnects reputation for delivering unparalleled high power electronics grows with leading global semiconductor manufacturers they are partnering CIL and their OEM customers to deliver technically advanced die attach and encapsulation solutions utilising the latest process engineering equipment in silver sintering and die bonding.

These are very exciting times for the business, with customers product advancement driving the growth in the engineering function of the business increasing the engineering headcount to over 25% of the total 200 employee base up 70% on 2 years ago. This resource growth is a long-term investment in support of the underlying business development as we target sales of £100m within 5 years.

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## CUSTOM INTERCONNECT LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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During the year HSBC became the businesses new bankers and provided facilities of £8.5m in support of working and fixed capital requirements and since the year end have extended those facilities by a further £4m supporting the construction of the "phase two" SMT production area completed November 2023.

The recognition for the business's leadership has been recognised by the European wide electronic manufacturing community at the Grosvenor House Elektra awards and was named "Manufacturer of the year – 2022" and has been named as a finalist and highly commended for the same award in December 2023!

In support of the growth management and systems have had significant investment with leadership developed in all areas of the organisation through careful recruitment and training and promotion from within. With a strong emphasis on the growth from within ensuring the successful culture of the business is protected, nevertheless the new talent brought in from outside is extremely important in advancing the business capabilities and is inducted carefully to ensure maximum success.

Visit our website: [www.cil-uk.co.uk](http://www.cil-uk.co.uk) for more details on our business.

#### Principal risks and uncertainties

The principal risks and uncertainties facing the company includes:

- Material shortages and quality of component supply;
- Customer and staff retention;
- Product innovation and development.

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the company and each department head takes on an important oversight role in this regard. The Audit Committee is responsible for satisfying itself that a proper internal control exists to manage financial risks and that controls operate effectively.

#### Financial key performance indicators

The directors consider the Key Performance Indicators to be gross profit and profit before tax as disclosed in the Profit and Loss Account.

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



**C R Wright BA (Hons), ACA**  
Director

Date: 21/3/2024

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## CUSTOM INTERCONNECT LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

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The directors present their report and the financial statements for the year ended 30 June 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 £2,126 thousand (2022 - £2,503 thousand).

#### Directors

The directors who served during the year were:

J G Boston  
C R Wright BA (Hons), ACA  
P J Mitter

#### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

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**CUSTOM INTERCONNECT LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**Auditor**

The auditor, Crowe U.K. 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.



**C R Wright BA (Hons), ACA**  
Director

Date: 21/3/2024

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## CUSTOM INTERCONNECT LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUSTOM INTERCONNECT LIMITED

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#### Opinion

We have audited the financial statements of Custom Interconnect Limited (the 'Company') for the year ended 30 June 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 30 June 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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



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## CUSTOM INTERCONNECT LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUSTOM INTERCONNECT LIMITED (CONTINUED)

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#### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our 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.

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

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

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## CUSTOM INTERCONNECT LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUSTOM INTERCONNECT LIMITED (CONTINUED)

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#### **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.

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 obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risks of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to management override risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit procedures to respond to revenue recognition risks included sample testing a sample of income across the year to agree to supporting documentation, and reviewing income received either side of the year end to ensure this has been recognised correctly.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

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CUSTOM INTERCONNECT LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUSTOM INTERCONNECT LIMITED  
(CONTINUED)

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**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.



Richard Baker (Senior statutory auditor)

for and on behalf of  
**Crowe U.K. LLP**

Statutory Auditor

Aquis House  
49-51 Blagrove Street  
Reading  
Berkshire  
RG1 1PL  
Date: 22 March 2024

CUSTOM INTERCONNECT LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £000	As restated 2022 £000
Turnover	4	25,143	18,392
Cost of sales		(16,849)	(11,583)
<b>Gross profit</b>		<b>8,294</b>	<b>6,809</b>
Administrative expenses		(6,342)	(4,617)
Other operating income	5	1,358	545
<b>Operating profit</b>	6	<b>3,310</b>	<b>2,737</b>
Adjusted operating profit before research and development expenditure		4,725	3,546
Research and development expenditure		(1,415)	(809)
<b>Total operating profit</b>		<b>3,310</b>	<b>2,737</b>
Interest payable and similar expenses	10	(392)	(111)
<b>Profit before tax</b>		<b>2,918</b>	<b>2,626</b>
Tax on profit	11	(792)	(123)
<b>Profit for the financial year</b>		<b>2,126</b>	<b>2,503</b>

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


The notes on pages 12 to 29 form part of these financial statements.

**CUSTOM INTERCONNECT LIMITED**  
**REGISTERED NUMBER: 02026753**

**BALANCE SHEET**  
**AS AT 30 JUNE 2023**

	Note	2023 £000	As restated 2022 £000
<b>Fixed assets</b>			
Intangible assets	13	1,638	810
Tangible assets	14	7,601	2,933
		<u>9,239</u>	<u>3,743</u>
<b>Current assets</b>			
Stocks	15	7,495	5,874
Debtors: amounts falling due within one year	16	7,530	9,607
Cash at bank and in hand	17	1,225	539
		<u>16,250</u>	<u>16,020</u>
Creditors: amounts falling due within one year	18	(9,551)	(10,102)
<b>Net current assets</b>		<u>6,699</u>	<u>5,918</u>
<b>Total assets less current liabilities</b>		<u>15,938</u>	<u>9,661</u>
Creditors: amounts falling due after more than one year	19	(5,089)	(1,227)
<b>Provisions for liabilities</b>			
Deferred tax	21	(1,294)	(505)
		<u>(1,294)</u>	<u>(505)</u>
<b>Net assets</b>		<u><u>9,555</u></u>	<u><u>7,929</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	130	130
Share premium account		82	82
Profit and loss account		9,343	7,717
		<u>9,555</u>	<u>7,929</u>

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

  
**C R Wright BA (Hons), ACA**  
 Director

Date: **21/3/2024**

The notes on pages 12 to 29 form part of these financial statements.

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**CUSTOM INTERCONNECT LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 July 2021</b>	<b>130</b>	<b>82</b>	<b>5,714</b>	<b>5,926</b>
Profit for the year (as restated)	-	-	2,503	2,503
Dividends: Equity capital	-	-	(500)	(500)
<b>At 1 July 2022 (as restated)</b>	<b>130</b>	<b>82</b>	<b>7,717</b>	<b>7,929</b>
Profit for the year	-	-	2,126	2,126
Dividends: Equity capital	-	-	(500)	(500)
<b>At 30 June 2023</b>	<b>130</b>	<b>82</b>	<b>9,343</b>	<b>9,555</b>

The notes on pages 12 to 29 form part of these financial statements.

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## CUSTOM INTERCONNECT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 1. General information

Custom Interconnect Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales. The registered number is 02026753 and the registered address is CIL House, Charlton Road, Andover, Hampshire SP10 3JL.

#### 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 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Connexion Technologies Limited as at 30 June 2023 and these financial statements may be obtained from Companies House.

##### 2.3 Going concern

The company has cash resources and has no requirement for external funding in excess of its current facilities. Management prepared cashflows for at least 12 months from the date of the approval of financial statements and based on cashflows, management have enough cash available to pay company debts and the debt facilities will be continued to be renewed. In making their assessment the directors have considered the ability of the company to continue to service customers, the impact on future revenues and cash collections and the financial position of the wider group. They continue to believe the going concern basis of accounting appropriate in preparing the annual financial statements.

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## CUSTOM INTERCONNECT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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## 2. Accounting policies (continued)

### 2.4 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'.

### 2.5 Revenue

Turnover represents sales to external customers excluding value added tax. Sales are recognised at the point at which the company has fulfilled its contracted obligations.

### 2.6 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.

### 2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Government grants are made up of income received under the Coronavirus Job Retention Scheme and are disclosed as other operating income in the profit and loss account.

### 2.8 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.



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## CUSTOM INTERCONNECT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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## 2. Accounting policies (continued)

### 2.9 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.

### 2.10 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.

### 2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

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## CUSTOM INTERCONNECT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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## 2. Accounting policies (continued)

### 2.12 Intangible assets - development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the assets begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit of 3 years. Amortisation is recorded in administrative expenses. During the period of development, the asset is tested for impairment annually.

### 2.13 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- over the life of the lease
Plant and machinery	- 6% to 33%
Motor vehicles	- 25%

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.

### 2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

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## CUSTOM INTERCONNECT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 2. Accounting policies (continued)

##### 2.15 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.

##### 2.16 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.

##### 2.17 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.

##### 2.18 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

##### 2.19 Financial instruments

The company holds only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets refer to fixed asset investments and debtor balances excluding prepayments, and financial liabilities refer to all creditor balances excluding deferred income.

##### 2.20 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.

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**CUSTOM INTERCONNECT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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

The preparation of the financial statements under FRS 102 requires management to make estimates and assumptions which affect the financial statements. The key estimates and assumptions relate to the following:

Stock obsolescence:

The company makes a provision for slow moving stock on a sliding scale basis that increases with the age of stock, with all stock being typically fully written down after 3 years. This process requires the exercise of judgement and is not just a mechanical process.

Capitalisation of development costs

The company capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

**4. Turnover**

Analysis of turnover by country of destination:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>23,807</b>	<b>18,227</b>
Rest of Europe	<b>72</b>	<b>52</b>
Rest of the world	<b>1,264</b>	<b>114</b>
	<b>25,143</b>	<b>18,393</b>

**5. Other operating income**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Innovate UK grant funding	<b>1,230</b>	<b>545</b>
RDEC income	<b>128</b>	<b>-</b>
	<b>1,358</b>	<b>545</b>

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**CUSTOM INTERCONNECT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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**6. Operating profit**

The operating profit is stated after charging:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Research & development charged as an expense	<b>1,415</b>	<b>809</b>
Exchange differences	<b>(82)</b>	<b>(34)</b>
Other operating lease rentals	<b>23</b>	<b>118</b>
Depreciation of tangible fixed assets	<b>1,380</b>	<b>788</b>
	<b><u>1,380</u></b>	<b><u>788</u></b>

**7. Auditor's remuneration**

During the year, the Company obtained the following services from the Company's auditor:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditor for the audit of the Company's financial statements	<b>30</b>	<b>20</b>
Taxation compliance services	<b>7</b>	<b>6</b>
	<b><u>7</u></b>	<b><u>6</u></b>

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CUSTOM INTERCONNECT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

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**8. Employees**

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

	2023 £000	2022 £000
Wages and salaries	4,865	3,573
Social security costs	538	402
Cost of defined contribution scheme	116	94
	<u>5,519</u>	<u>4,069</u>

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

	2023 No.	2022 No.
Management	15	11
Administration	2	1
Sales	15	6
Operations	134	118
	<u>166</u>	<u>136</u>

**9. Directors' remuneration**

	2023 £000	2022 £000
Directors' emoluments	307	286
Amounts paid to third parties in respect of directors' services	202	177
	<u>509</u>	<u>463</u>

The highest paid director received remuneration of £209 thousand (2022 - £199 thousand).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2022 - £NIL).

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**CUSTOM INTERCONNECT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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**10. Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Bank interest payable	125	53
Other loan interest payable	155	-
Finance leases and hire purchase contracts	112	58
	<u>392</u>	<u>111</u>
	<u><u>392</u></u>	<u><u>111</u></u>

**11. Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	4	(24)
Adjustments in respect of previous periods	-	(24)
	<u>4</u>	<u>(48)</u>
	<u><u>4</u></u>	<u><u>(48)</u></u>
<b>Total current tax</b>	<u><u>4</u></u>	<u><u>(48)</u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	788	171
<b>Total deferred tax</b>	<u>788</u>	<u>171</u>
	<u><u>788</u></u>	<u><u>171</u></u>
<b>Taxation on profit on ordinary activities</b>	<u><u>792</u></u>	<u><u>123</u></u>

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**CUSTOM INTERCONNECT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 - *lower than*) the standard rate of corporation tax in the UK of 20.5% (2022 - 19%). The differences are explained below:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<b>2,918</b>	2,626
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2022 - 19%)	<b>598</b>	499
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>(18)</b>	(187)
Fixed asset differences	<b>35</b>	(79)
Adjustments to tax charge in respect of prior periods	-	(24)
Adjustments to tax charge in respect of previous period - deferred tax	<b>3</b>	-
Remeasurement of deferred tax not recognised in tax rates	<b>141</b>	34
Effect of change in rate	-	65
Additional deduction for R&D expenditure	-	(167)
R&D expenditure credits	-	6
RDEC Step 2 tax charge	<b>33</b>	(24)
<b>Total tax charge for the year</b>	<b>792</b>	123

**Factors that may affect future tax charges**

The March 2021 Budget announced that the rate will increase from 19% to 25% from 1 April 2023 for companies with taxable profits in excess of £250,000. For those businesses that have taxable profits between £50,000 and £250,000 a margin rate relief scheme will be introduced to bridge the gap between the 19% rate and 25% rate providing a gradual increase in rate throughout this band.

**12. Dividends**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Dividends: Equity capital	<b>500</b>	500
	<b>500</b>	500



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CUSTOM INTERCONNECT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

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13. Intangible assets

	Development expenditure £000
<b>Cost</b>	
At 1 July 2022 (as previously stated)	-
Prior Year Adjustment	810
	<hr/>
At 1 July 2022 (as restated)	810
Additions	828
	<hr/>
At 30 June 2023	1,638
	<hr/>
<b>Net book value</b>	
At 30 June 2023	1,638
	<hr/> <hr/>
At 30 June 2022 (as restated)	810
	<hr/> <hr/>

Development expenditure capitalised during the year and prior year relating to the Future BEV project that were recognised as expense before.

CUSTOM INTERCONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

14. Tangible fixed assets

	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>				
At 1 July 2022	95	7,488	18	7,601
Additions	3,383	2,665	-	6,048
At 30 June 2023	3,478	10,153	18	13,649
<b>Depreciation</b>				
At 1 July 2022	83	4,567	18	4,668
Charge for the year on owned assets	11	1,369	-	1,380
At 30 June 2023	94	5,936	18	6,048
<b>Net book value</b>				
At 30 June 2023	3,384	4,217	-	7,601
At 30 June 2022	12	2,921	-	2,933

The net book value of tangible fixed assets includes an amount of £4,134,396 (2022: £2,063,072) in respect of assets held under finance leases and hire purchase contracts.

15. Stocks

	2023 £000	2022 £000
Raw materials and consumables	5,683	4,432
Work in progress (goods to be sold)	1,812	1,442
	7,495	5,874

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**CUSTOM INTERCONNECT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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**16. Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	3,187	2,886
Amounts owed by group undertakings	3,242	6,260
Other debtors	418	74
Prepayments and accrued income	683	387
	<u>7,530</u>	<u>9,607</u>

**17. Cash and cash equivalents**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	1,225	539
	<u>1,225</u>	<u>539</u>

**18. Creditors: Amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Bank loans	2,207	1,644
Payments received on account	1,400	1,050
Trade creditors	3,525	2,950
Amounts owed to group undertakings	-	3,018
Other taxation and social security	341	411
Obligations under finance lease and hire purchase contracts	1,074	640
Other creditors	32	24
Accruals and deferred income	972	365
	<u>9,551</u>	<u>10,102</u>

Bank loans are secured by a fixed and floating charge over the assets of the company and a cross guarantee by other group companies. Amounts owed under finance leases are secured on the related fixed asset.

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**CUSTOM INTERCONNECT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Bank loans	<b>2,390</b>	-
Net obligations under finance leases and hire purchase contracts	<b>2,699</b>	<b>1,227</b>
	<u><b>5,089</b></u>	<u><b>1,227</b></u>

**20. Loans**

Analysis of the maturity of loans is given below:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year</b>		
Bank loans	<b>2,207</b>	<b>1,644</b>
	<u><b>2,207</b></u>	<u><b>1,644</b></u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	<b>2,390</b>	-
	<u><b>2,390</b></u>	<u>-</u>
	<u><b>4,597</b></u>	<u><b>1,644</b></u>

**21. Deferred taxation**

	<b>2023</b>
	<b>£000</b>
At beginning of year	(506)
Charged to profit or loss	(788)
<b>At end of year</b>	<u><b>(1,294)</b></u>

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CUSTOM INTERCONNECT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

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**21. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Accelerated capital allowances	<b>(2,019)</b>	<b>(553)</b>
Tax losses carried forward	<b>722</b>	<b>45</b>
Short term timing differences	<b>3</b>	<b>2</b>
	<b>(1,294)</b>	<b>(506)</b>

**22. Share capital**

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
<b>Allotted, called up and fully paid</b>		
129,942 (2022 - 129,942) Ordinary shares of £1.00 each	<b>130</b>	<b>130</b>

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**CUSTOM INTERCONNECT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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**23. Prior year adjustment**

During the period, the Company revisited their accounting policy to capitalise qualifying development costs based on the criteria of capitalisation under FRS102. It was determined that significant amount of qualifying development costs related to one project met the criteria of capitalisation in prior period but recognised as an expense in the prior period. The change in accounting policy is applied retrospectively in accordance with FRS 102. The impacts of the prior year restatements on the financial statements line items for the year ended 30 June 2022 are set out below.

	2022 as originally stated £000	Prior period adjustment	2022 restated
<b>Statement of comprehensive income</b>			
Turnover	18,392		18,392
Cost of sales	(12,191)	608	(11,583)
<b>Gross profit</b>	<b>6,201</b>	<b>608</b>	<b>6,809</b>
Administrative expenses	(4,819)	202	(4,617)
Other operating income	545		545
<b>Operating profit</b>	<b>1,927</b>	<b>810</b>	<b>2,737</b>
Interest payable	(111)		(111)
<b>Profit before tax</b>	<b>1,816</b>	<b>810</b>	<b>2,626</b>
Tax on profit	(123)		(123)
<b>Profit for the financial year</b>	<b>1,693</b>	<b>810</b>	<b>2,503</b>

CUSTOM INTERCONNECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

23. Prior year adjustment (continued)

Balance Sheet	2022 as originally stated £000	Prior period adjustment	2022 restated
<b>Fixed assets</b>			
Intangible assets		810	810
Tangible assets	2,933		2,933
	<b>2,933</b>	<b>810</b>	<b>3,743</b>
<b>Current assets</b>			
Stocks	5,874		5,874
Debtors: amounts falling due within one year	9,607		9,607
Cash at bank and in hand	539		539
	<b>16,020</b>	<b>0</b>	<b>16,020</b>
Creditors: amounts falling due within one year	(10,102)		(10,102)
<b>Net current assets</b>	<b>5,918</b>	<b>0</b>	<b>5,918</b>
<b>Total assets less current liabilities</b>	<b>8,851</b>	<b>810</b>	<b>9,661</b>
Creditors: amounts falling due after more than one year	(1,227)		(1,227)
<b>Provisions for liabilities</b>			
Deferred tax	(505)		(505)
<b>Net assets</b>	<b>7,119</b>	<b>810</b>	<b>7,929</b>
<b>Capital and reserves</b>			
Called up share capital	130		130
Share premium account	82		82
Profit and loss account	6,907	810	7,717
	<b>7,119</b>	<b>810</b>	<b>7,929</b>

24. Capital commitments

At 30 June 2023 capital commitments amounted to £2,917,307 (2022: £2,321,139). These represent commitments for plant and machinery to be received in the year ended 30 June 2024.

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## CUSTOM INTERCONNECT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 25. Pension commitments

The Company operates a defined contributions 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 £135,665 (2022: £113,920). Contributions totalling £31,763 (2022: £24,132) were payable to the fund at the balance sheet date and are included in creditors.

#### 26. Commitments under operating leases

At 30 June 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £000	2022 £000
Not later than 1 year	483	153
Later than 1 year and not later than 5 years	2,132	451
Later than 5 years	-	1,103
	<u>2,615</u>	<u>1,707</u>

In November 2023 the company entered into a new 9 year property lease commitment.

#### 27. Related party transactions

The company has taken advantage of the exemption under FRS 102 not to disclose transactions with other wholly owned group undertakings.

During the year management and consultancy charges were received from a company under common control of £283,497 (2022: £274,370) of which £Nil (2022: £34,236) was due at the year end.

During the year the group made purchases of £9,504 (2022: £2,805) of which £1,942 (2022: £3,366) was due at the year end to companies under common control.

#### 28. Controlling party

The company is a subsidiary of Custom Interconnect (Holdings) Limited, an intermediate holding company, the ultimate parent company is Connexion Technologies Limited, which is incorporated in England & Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Connexion Technologies Limited, incorporated in England & Wales. The consolidated financial statements of this company are available to the public and may be obtained from Companies House. No other group financial statements include the results of the company.

At 30 June 2023 and during the period, the directors consider Mr C R Wright to be the ultimate controlling party.