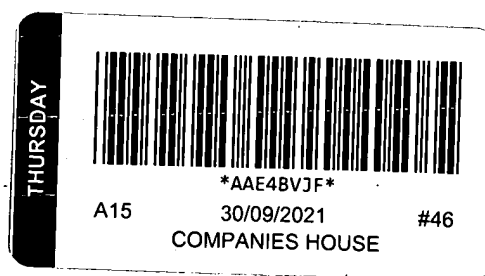


Registered number 02674947

Hexadex Limited

Annual report and consolidated financial statements
for the year ended 31 December 2020



Hexadex Limited

Financial statements for the year ended 31 December 2020

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Hexadex Limited

Directors and advisers for the year ended 31 December 2020

Directors

W D Milles
D H Milles
W J Buchan
P Hawker
A J Meakin
B A J Milles
R J Rule (resigned 31 December 2020)
A G Lyons

Company Secretary

D J Hodgson

Registered Office

The Old Court House
24 Market Street
Gainsborough
Lincolnshire
DN21 2BE

Independent Auditor

KPMG LLP
Chartered Accountants and Statutory Auditors
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Solicitor

Burton & Dyson
22 Market Place
Gainsborough
Lincolnshire
DN21 2BZ

Squire Patton Boggs
6 Wellington Place
Leeds
LS1 4AP

Banker

Lloyds Bank
2nd Floor
116 Wellington Street
Leeds
LS1 4LT

Hexadex Limited

Strategic report for the year ended 31 December 2020

The directors present their strategic report on the company and the group for the year ended 31 December 2020.

Review of business and future developments

Hexadex Limited is a privately owned holding company and, as a group, is focussed on long term growth, investing in people and capital resources to build further on its strong established customer and product bases.

Two of its trading subsidiaries, Eminox Limited and Teconnex Limited operate businesses that combine efficient manufacturing operations with comprehensive engineering resource. This allows these companies to purpose build exhaust emission control systems and vehicle jointing solutions to customer requirements.

Eminox and Teconnex supply mainly OEM and retrofit automotive markets. However, both businesses continue to diversify into other sectors. During the year the Group manufactured components for non-automotive sectors through its subsidiary Eminox New Ventures Limited (formerly Hexadex Property Holdings Limited).

In addition to Eminox and Teconnex, Hexadex also owns Ceramex Limited. This company operates and continues to develop, exhaust diesel particulate filter remanufacturing services and inspection systems, for which there is a growing market. In the USA, the service is operated through Ceramex North America LLC, a 50/50 owned joint venture, and in Japan by Retrus Ceramex KK, a 50/50 joint venture.

Hexadex also owns Eminox PTE Limited (formerly Hooton Engineering Limited) and CWM Automation Limited, acquired to diversify the Group. These two businesses produce products and services unrelated to the internal combustion engine.

The Group performed well in the second half of the year, but performance was significantly hampered during the first half by the COVID-19 pandemic. Turnover in the year was £121,471,000 (2019: £128,426,000) a reduction of 5.4%.

A summary of performance for each business is provided below:

Eminox and Eminox New Ventures

Eminox was adversely affected by COVID-19 but reacted quickly to the changing situation and was able to continue to manufacture throughout the pandemic to satisfy customer demands. Turnover in the year decreased to £64,342,000 (2019: £68,075,000) which represents a reduction of 5.5%. The business experienced strong demand in the latter months of 2020 and this has continued into 2021, primarily from the OEM sector where volumes were ahead of previous years, however demand in the retrofit market reduced as a direct consequence of the pandemic. In addition, the strategy to diversify into other off-road retrofit markets showed signs of success with trial fitments on generators and rail applications completed during the year.

Eminox New Ventures commenced manufacture of components for the non-automotive sector under an agreed contract with a major chemical company. Turnover in the year increased to £2,118,000 (2019 £NIL). The products shipped are now part of a trial, and the company is awaiting feedback on that trial and future demand requirements.

Teconnex

Teconnex has developed a strong global presence with established manufacturing sites in the UK, Romania, China, Mexico and India. The Company takes advantage of a long-established European base - together with the ability to supply, and to source locally for large global customers, projects and platforms.

Teconnex is positioned to continue to grow within the automotive industry. In addition to this, the directors plan to explore further opportunities to strengthen, develop and diversify the Company. Teconnex has recently partnered with an advanced lithium battery developer, supporting the manufacture of lithium ion batteries and domestic solar storage devices. The directors aim to explore further similar opportunities, particularly in the green energy sector.

Teconnex achieved a turnover in 2020 of £38,930,000 (2019: £49,311,000), representing a decrease of 21.1%. The sales reduction was due to the disruptive impact of COVID-19 on both commercial vehicle and passenger car registrations across all supplied regions.

The Mexican business achieved turnover of £4,450,000 in the year (2019: £5,388,000). As in previous years, the Company remains strongly export oriented, achieving aggregate overseas business at 85% of total sales (2019: 87%).

Hexadex Limited

Strategic report for the year ended 31 December 2020 (continued)

Review of business and future developments (continued)

The Company's recently established Romanian subsidiary provides additional production capacity, resources and resilience - enabling greater flexibility and levels of service to our customers within Europe. The Romanian site achieved turnover of £5,738,000 (2019: £3,158,000), an increase of 81.4%.

The Company continued to strengthen its position in India during 2020. The India manufacturing site became fully operational within the year and offers sales, design and engineering support to the Indian domestic market. Turnover in 2020 was £3,021,000 (2019: 50,000).

The Company also owns a 50% share in a Chinese joint venture through a holding company in Hong Kong. Upcoming local legislation changes are set to provide significant opportunities for incremental sales in the business. Turnover in the year was £8,606,000 (2019: £6,974,000), an increase of 22.5%.

The Bellows Technology UK subsidiary also suffered the disruptive impact of the coronavirus in 2020. The total turnover achieved in the year of £863,000 was similar to the prior year (2019: £847,000).

Ceramex

Ceramex operates and continues to develop exhaust diesel particulate filter cleaning and inspection systems for which there is a growing market. Euro VI 2014 emissions legislation drove an increased requirement for filter cleaning on commercial vehicles and Ceramex has secured cleaning contracts with several OEM customers. Service intervals on new trucks registered after 2014 mean that demand continues to grow, but the rate of growth has been seriously impacted in 2020 by Covid19. With national and regional lockdowns many businesses have not been using their vehicles and fleets; therefore, the requirement for servicing has been reduced.

Despite the impact of COVID-19, the UK operation again increased its revenue during the year to £5,743,000 (2019: £5,155,000), an increase of 11.4%.

Ceramex's USA joint venture, Ceramex North America LLC, operates in the USA using Ceramex UK cleaning technology. The business was impacted by COVID-19 in the latter half of the year which led to a reduction in turnover to £3,277,000 (2018: £4,018,000), a decrease of 18.4%.

Retrus Ceramex KK, formed in 2017 as a 50/50 joint venture company, achieved a turnover of £852,000 (2019: £680,000), a growth of 25.2%. The joint venture has been set up to develop diesel particulate filter cleaning markets in Japan using Ceramex UK cleaning technology.

Eminox PTE (formerly) Hooton Engineering

Eminox PTE achieved turnover of £1,456,000 (2019: £1,751,000), a decrease of 16.8%. The business was impacted heavily by COVID-19 which prevented business development efforts and consequently orders were lower than the previous year. The Company's main activity was the remanufacture of muffler systems for a sister company in the Group, an activity where demand grew substantially in the latter part of 2020 and continues into 2021.

CWM Automation

CWM Automation recorded turnover of £3,623,000 (2019: £5,501,000), representing a decrease of 34.1%. The impact of COVID-19 resulted in delays in the commissioning of a number of large projects during the final quarter of 2020 which accounted for the reduced turnover. These projects are being commissioned during 2021.

The company has a strong and profitable order book and there is substantial potential for the company which, in the past, has also been limited by the size of its premises and availability of finance.

Hexadex Limited

Strategic report for the year ended 31 December 2020 (continued)

Review of business and future developments (continued)

Hexadex Group

The Group made profits before tax of £2,823,000 (2019: £6,619,000), and has net assets of £61,151,000 at 31 December 2020 (2019: £59,493,000) and net cash of £14,358,000 (2019: £8,685,000). The Group remains strongly cash generative and during the year £6,021,000 (2019: £7,811,000) was invested in capital expenditure to expand capacity, improve manufacturing efficiency, increase local presence and diversify to new sectors. The profit before tax included impairment charges of £1,842,520 relating to goodwill held on the balance sheet, and income of £2,284,000 from the Government's Job Retention Scheme which was utilised to mitigate the COVID-19 impact of reduced volumes in our UK facilities.

As the Group expands by acquisition and internationalises with joint ventures and overseas subsidiaries, governance continues to be proportionately strengthened. This process includes ensuring consistent management and accounting practices and policies are put in place. The internal Audit and Risk functions ensure adherence to Group policies and is also leading implementation of a refreshed anti bribery and corruption policy throughout the Group.

In addition to the two main key performance indicators of profitability and turnover, a wide range of other key performance indicators are used by directors to review the performance of group companies, manage risk and ensure further progress over the long term. Indicators include Health and Safety (RIDDORS, accidents, near misses), sales order book levels (actual order book, actual order intake), pipeline sales and product quality metrics (actual customer complaints and delivered product rejections).

Risks and uncertainties

The directors consider the major risk areas for the Group include the continuing unsettled impact of COVID-19 on the global economy and its effect on key markets, foreign exchange exposure, rising raw material prices and supply chain disruption impacting material availability. Other risks include product development and production risks. These factors are regularly reviewed by the Board and strategies are in place to minimise these risks where possible.

The management of financial risks is set out in the Directors' report. We work in partnership with our customers and suppliers to minimise the effect of any price escalation within the whole supply chain. Other risks are managed by constant review of products, product developments and production, taking appropriate action as it becomes necessary. The subsidiaries warrant their products to customers for varying time periods of up to three years. A provision for this is set out in note 24 and the directors consider this sufficient to cover likely costs based on experience. Warranty cost is an ongoing business issue and is monitored regularly. Action is taken to improve product design where necessary to reduce risks.

COVID-19

The COVID-19 outbreak developed rapidly in 2020, with a significant impact across the world. In response, the UK government announced lockdown restrictions on March 23rd in an effort to curtail the spread of the virus. This pandemic, and the resulting government actions, have presented the Group with several significant risks including changing customer behaviour during lockdown, potential supply chain disruption and operational cost pressures although this latter point is mitigated to some extent by the government's furlough scheme.

As it became clear in early March that this outbreak would have a serious impact on the Group's business, the Board and senior management prioritised the following areas:

- The safety and well-being of our colleagues, suppliers and customers have been and continue to be our overriding priority. The Group's Executive Boards are monitoring events closely with regular oversight evaluating the impacts and risks and designing appropriate response strategies.
- Maintaining our strong underlying cash generation and the availability of significant committed facilities to support the Group's liquidity and longer-term viability.
- Our teams are working tirelessly to implement specific actions to minimise disruption faced by our customers in these challenging times. We have implemented additional measures to secure supply chain capacity to meet changes in demand and extended support to colleagues and customers at increased risk.

Hexadex Limited

Strategic report for the year ended 31 December 2020 (continued)

Review of business and future developments (continued)

As the outbreak continues to evolve it is difficult to predict with a high degree of certainty the full extent and duration of the impact on the Group. However, we have considered a range of scenarios to understand potential outcomes and the ability of the Group to continue as a going concern over the next 12 months. These scenarios are outlined further in the Going Concern note, which is included in these financial statements.

s172 Companies Act 2006

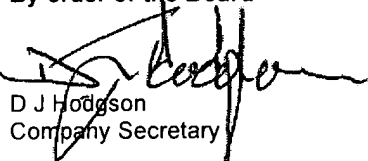
As a Board we have always taken decisions for the long-term and collectively and individually our aim is always to uphold the highest standard of conduct and to act fairly. Similarly, we understand that our business can only grow and prosper over the long-term if we understand and respect the views and needs of our customers, colleagues and the communities in which we operate, as well as those of our suppliers, the environment and the shareholders to whom we are accountable. This is reflected in our business principles. We ensure that the requirements of s172 Companies Act 2006 are met and the interests of our stakeholder groups are considered through a combination of the following:

- Standing agenda points and papers presented at each Board meeting. Establishment of an audit committee the terms of reference for which embrace not only a detailed analysis of numbers but also consideration of risk in the widest sense, including reputational risk.
- A rolling agenda of matters to be considered by the Board throughout the year, including a strategy review day, which considers the Group strategy for the following year, supported by the budget for the following year and a medium-term financial plan. Although not currently of a size to require compulsory adoption of corporate governance principles the Group board has resolved to adopt the Wates Principles for corporate governance of large private companies and is encouraging the subsidiary boards to adopt a similar methodology when considering major decisions.
- Regular scheduled Board presentations and reports; for example, updates on operational and Health & Safety matters.
- Regular engagement with our stakeholders, including, suppliers, customers and employees. Employee engagement surveys are conducted and a "gap analysis" approach taken to deal with points raised. The format will be refreshed during 2021. Communication committees are utilised to ensure the workforce is kept up to date with developments and may contribute to strategy relevant to HR and general matters. A share incentive plan is operated and the twice-yearly valuations by HMRC along with a parallel profit-sharing scheme provide an opportunity for a commercial commentary to employees
- Consideration of the impact of the Company's operations on the community and the environment, and how this can be improved, along with charitable contributions which regularly support local charitable activities in the areas in which our sites are located. We aspire to be the employer of choice in our locations and as part of that aspiration we work with local educational and childcare facilities The Group is a founder member of Slave Free Alliance.
- As a family owned company, 90% of our shares are held either by one individual or by family trusts, who receive regular updates during the year. Nonetheless we hold an AGM and make full presentations to ensure the remaining 10% of shareholders are aware of matters affecting the company and communicate with SIP members via the twice-yearly share price commentaries (as above).

Research and development

It is Group policy that the subsidiaries pursue technical and product innovations and development, not only to meet the customers' changing requirements, but also to develop new market opportunities.

By order of the Board


D J Hodgson
Company Secretary

30 September 2021

Hexadex Limited

Directors' report for the year ended 31 December 2020

The directors present their report and audited consolidated financial statements of the company and the group for the year ended 31 December 2020.

Results and dividends

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements.

The Group's operating profit, before profit share cost, for the year was £2,264,000 (2019: £6,347,000). An amount of £786,000 (2019: £854,000) has been set aside for the profit-sharing scheme which provides a reward to all employees based on the overall performance of the Group. This reduced operating profit to £1,478,000 (2019: £5,493,000).

No interim dividend was recommended by the directors for 2020 (2019: £Nil).

Future developments are included in the strategic report.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

W D Milles
D H Milles
W J Buchan
P Hawker
A J Meakin
B A J Milles
R J Rule (resigned 31 December 2020)
A G Lyons

Employees

It is the policy of the Group to provide equal opportunities in appointment, training and career development of disabled persons, including those becoming disabled during their employment, having regard to their particular aptitudes and abilities. The Group also keeps employees involved in, and informed of, business developments and consults with them on a regular basis, so that their views are taken into account in decision making.

Directors acknowledge fully the essential part that all who work for the Group play in its success and thank them for their efforts and dedication. To enable employees to share in the growth of the Group, and help align their interests with shareholders, a government approved Share Incentive Plan (SIP) is operated. All eligible employees are able to participate in the SIP and enjoy the benefits of Hexadex Limited share ownership.

As mentioned above, a profit-sharing scheme operates which engages employees as key stakeholders in the continuing success of the Group and helps to achieve Group-wide awareness of economic and financial factors, together with their impact. The scheme pays a share of overall Group profits to employees. The scheme works independently of the SIP and profit shares are paid to all eligible employees in the Hexadex Group whether members of the SIP or not. Employees in the SIP also benefit from the interim dividend as set out above.

Financial risk management

The Group is exposed to a variety of financial risks, the main elements of which are foreign exchange and credit risk.

The Group has policies that require credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed on a regular basis.

Hexadex Limited

Directors' report for the year ended 31 December 2020 (continued)

Financial risk management (continued)

The Group has both interest-bearing assets and liabilities. Interest bearing assets are cash balances which earn interest at floating rates. Interest bearing liabilities consist of short-term currency overdrafts. The Group does not use derivative financial instruments to manage interest rate costs and so no hedge accounting is applied. The Group operates a multicurrency banking facility for all its trading subsidiaries. Cash surpluses, any short-term borrowing requirements and interest rates are managed through the facility, at parent company level.

The Group has debtor, creditor and cash balances and ongoing cashflows denominated in foreign currencies. The foreign exchange risk is managed at both a subsidiary and Group level. The Group seeks to secure natural purchase-sale currency hedges wherever possible and net balance sheet and cashflow exposures are covered using forward exchange contracts as set out in notes 20 & 24 to the financial statements.

The Directors will review these policies if the Group's operations change in size or nature.

Statement of directors' responsibilities in respect of the annual report and consolidated financial statements

The directors are responsible for preparing the Annual Report and the group and parent company 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Directors' liability insurance

The Company has purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors and for the Directors of the subsidiaries.

Going concern

The Strategic Report on pages 2 to 5 outlines the business activities of the Group alongside the factors which may affect its future development and performance. The Group's financial position is discussed in the Business Review section of the Strategic Report along with details of its cash flow and liquidity. The Strategic Report also sets out the Group's financial risks and the management of those risks.

These financial statements have been prepared on a going concern basis. The directors consider this to be appropriate for the following reasons.

Hexadex Limited

Directors' report for the year ended 31 December 2020 (continued)

Going concern (continued)

The directors have prepared detailed cash flow forecasts that extend to 30 September 2022. The forecasts consider the directors' views of current and future economic conditions that are expected to prevail over the period. These forecasts include assumptions regarding future revenues and costs together with risks and mitigating actions where applicable.

The forecasts indicate the Company and Group is able meet its liabilities as they fall due throughout the period to 30 September 2022. The key factors considered in reaching this conclusion are summarised below:

- In the period since year end the Group has taken various actions to preserve cash and increase liquidity in response to the challenges arising from COVID-19. This included significantly reducing commitments to capital expenditure with the exception of commitments already made or strategic investments for future growth, a reduction in overheads through the elimination of non-essential spend, margin improvement through cost reduction initiatives, the utilisation of the Government's Job Retention Scheme and an increased focus on supplier payment terms and on timely customer debt collection. As a result of these actions the Group continued to generate an overall positive cash balance in the months following the year end and is forecast to continue to generate a net positive cash balance during the period to September 2022.
- The directors have considered the position of the individual trading companies in the Group to ensure that these companies are also in a position to continue to meet their obligations as they fall due.

The directors have considered the impact of COVID-19 in the forecasts and have adjusted growth assumptions accordingly. In addition, the directors have considered a severe but plausible downside scenario with a third lockdown period in November and December 2021. In this scenario revenues are reduced to reflect the average amount of turnover over the first lockdown period with a corresponding fall in profitability. Taking into account these downsides before other mitigating actions available the group is still able to operate with significant positive cash levels throughout the period to September 2022.

Based on these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

SECR Reporting

The Group is required to report under the Streamlined Energy and Carbon Reporting (SECR) framework under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The SECR reporting year is the same as the Group Financial year 1 January 2020 to 31 December 2020.

In accordance with the guidance the Group is required to report the UK energy usage and associated Greenhouse Gas (GHG) emissions that relate to:

- Activities for the Hexadex Limited is responsible involving the combustion of gas, or consumption of fuel for the purposes of transport; and
- The purchase of electricity by the Group for its own use, including the purpose of transport.

Note that emissions outside the UK are outside the scope of the mandatory requirements and are not included in the information below.

Hexadex Limited

Directors' report for the year ended 31 December 2020 (continued)

SECR Reporting (continued)

FY 2020	UK Consumption (kWh)	UK Emissions (tCO ₂ e)
Electricity	500,153	116.61
Gas	1,875,769	344.90
Transport Fuels	1,180,082	244.24
Gross Annual Total	3,556,004	705.75
Intensity Metric (£m turnover)	124.8	
Total tCO ₂ e/£m TO		5.66
Qualifying Green Tariffs	0	0
Net Annual Total	3,556,004	705.75

Table 1: Primary Statement for Financial Year ending 31st December 2020

The above reported carbon emissions translate to Scope 1, 2 and 3 emissions as follows:

FY 2020	Consumption (kWh)	Emissions (tCO ₂ e)
Scope 1*	2,952,271	602.02
Scope 2 (location based)	500,153	116.61
Scope 2 (market based)	500,153	116.61
Scope 3	103,580	24.38
Total (location based)	3,556,004	705.75
Total (market based)	3,556,004	705.75

Table 2: Greenhouse Gas Emissions for Financial Year ending 31st December 2020

* transport fuel consumption and mains gas included, no fugitive emissions recorded

Baseline Year

This is the first year of GHG reporting and is aligned with the financial year, 01/01/2020 to 31/12/2020. This year's report will form the baseline year and there are no comparisons to previous years' data.

Targets

Hexadex Limited has not developed any carbon targets for the current reporting period.

Intensity Measurement

The intensity metric chosen is total annual turnover (£m) as at the Financial Year ending 31st December 2020. This was chosen as the most suitable metric as the organisation is a manufacturing organisation and therefore turnover is closely linked with energy use and associated carbon emissions.

Carbon Offset

Hexadex Limited has no qualifying carbon offsets during this financial period.

Energy Efficiency Narrative

This year's reporting period has been significantly impacted by the Covid-19 situation which has reduced occupation of buildings and company transport since March 2020. The Covid-19 situation has also impacted on energy efficiency measures that the organisation had sought to implement during this financial year.

Hexadex Limited

Directors' report for the year ended 31 December 2020 (continued)

SECR Reporting (continued)

However, over the reporting period, the organisation has undertaken the following principal actions which have had a direct impact on the energy efficiency of the organisation:

- LED lighting installed at Hexadex UK and Ceramex
- Compressed air leakage reduction at Teconnex
- Two plug-in hybrid and one electric vehicle for Directors of Teconnex
- Thermostatic wall heaters installed at Ceramex
- Weekly review of HVAC settings at Ceramex
- 6 new and 2 replacement electric vehicle charging points introduced at Eminox sites

The methodology used to calculate the CO₂e emissions is the Operational Control approach on reporting boundaries as well as utilising the carbon emissions methodology as defined by the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard, Revised Edition.

Emissions factor data source: BEIS 2020 conversion factors <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020>

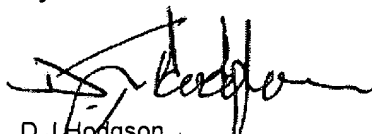
Disclosure of information to auditor

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

Independent auditor

In accordance with section 487 of the Companies Act 2006, KPMG LLP have indicated their willingness to continue in office and a resolution concerning their reappointment as auditor of the Group will be proposed at the Annual General Meeting.

By order of the Board



D J Hodgson
Company Secretary

30 September 2021

Registered office: The Old Court House, 24 Market Street, Gainsborough, Lincolnshire, DN21 2BE

Independent auditor's report to the members of Hexadex Limited

Opinion

We have audited the financial statements of Hexadex Limited ("the company") for the year ended 31 December 2020 which comprise the Group profit and loss account, Group statement of comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and related notes, including the statement of accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for employees and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

Independent auditor's report to the members of Hexadex Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all significant components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and treasury impacting journal entries posted to unusual accounts.
- For a sample of revenue transactions around the year end for all significant components, vouching to supporting documentation to corroborate whether sample items were recorded in the correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the members of Hexadex Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Johnathan Pass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

30 September 2021

Hexadex Limited

Group profit and loss account for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	5	121,471	128,426
Change in stocks of finished goods and work in progress		1,870	1,146
Other Income	6	2,601	0
Net operating costs	7	(124,464)	(124,079)
Group operating profit before profit share		2,264	6,347
Employee profit share cost		(786)	(854)
Group operating profit	8	1,478	5,493

Income from interests in jointly controlled entities		1,360	1,080
Profit on ordinary activities before interest and taxation		2,838	6,573
Interest receivable and similar income	13	58	143
Interest payable and similar charges	13	(73)	(97)
Net interest payable/receivable		(15)	46
Profit on ordinary activities before taxation		2,823	6,619
Tax on profit on ordinary activities	14	(850)	(1,041)
Profit for the financial year		1,973	5,578

All results above relate to continuing operations.

The company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the company profit and loss account. The loss for the company for the year was £467,000 (2019 profit: £16,000).

Group statement of comprehensive income for the year ended 31 December 2020

	2020 £'000	2019 £'000
Profit for the financial year	1,973	5,578
Other comprehensive (expense)/income:		
Currency translation differences	(117)	(303)
Other comprehensive (expense)/income for the year, net of tax	(117)	(303)
Total comprehensive income for the year	1,856	5,275

The accompanying notes form an integral part of these financial statements.

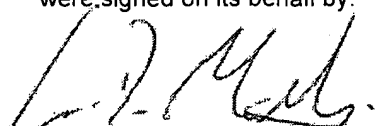
Hexadex Limited

Consolidated balance sheet as at 31 December 2020

		2020	2019
	Note	£'000	£'000
Fixed assets			
Intangible assets	15	925	2,982
Tangible assets	16	24,294	24,149
Investment properties	17	45	45
Investments	18	4,959	4,665
		30,223	31,841
Current assets			
Inventories	19	17,872	16,641
Debtors	20	35,536	27,205
Cash at bank and in hand		14,358	8,685
		67,766	52,531
Creditors – amounts falling due within one year	21	(33,404)	(21,993)
Net current assets		34,362	30,538
Total assets less current liabilities		64,585	62,379
Creditors – amounts falling due after more than one year	22	(1,427)	(1,127)
Provisions for liabilities	24	(2,007)	(1,759)
Net assets		61,151	59,493
Capital and reserves			
Called up equity share capital	25	1,170	1,170
Revaluation reserve		64	64
Other reserves		45	45
Retained earnings		59,872	58,214
Total equity		61,151	59,493

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 14 to 46 were approved by the board of directors on 30 September 2021 and were signed on its behalf by:


W D Milles
Director


A J Meakin
Director

Registered number 02674947

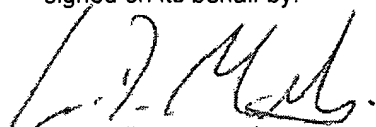
Hexadex Limited

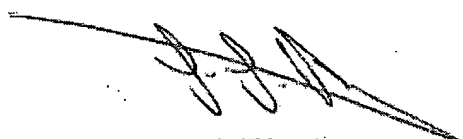
Company balance sheet as at 31 December 2020

		2020	2019
	Note	£'000	£'000
Fixed assets			
Tangible assets	16	9,001	9,463
Investment properties	17	45	45
Investments	18	5,004	6,780
		14,050	16,288
Current assets			
Debtors	20	5,214	5,714
Cash at bank and in hand		10,881	9,895
		16,095	15,609
Creditors – amounts falling due within one year	21	(1,223)	(2,808)
Net current assets		14,872	12,801
Total assets less current liabilities		28,922	29,089
Creditors – amounts falling due after more than one year	22	(1,427)	(1,127)
Net assets		27,495	27,962
Capital and reserves			
Called up equity share capital	25	1,170	1,170
Retained earnings		26,325	26,792
Total equity		27,495	27,962

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 14 to 46 were approved by the board of directors on 30 September 2021 and were signed on its behalf by:


W D Milles
Director


A J Meakin
Director

Registered number 02674947

Hexadex Limited

Consolidated statement of changes in equity for the year ended 31 December 2020

	Note	Called-up share capital £'000	Revaluation reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2019		1,170	64	45	53,765	55,044
Profit for the financial year		-	-	-	5,578	5,578
Other comprehensive income for the year		-	-	-	(303)	(303)
Total comprehensive income for the year		-	-	-	5,275	5,275
Equity-settled share based payments	11	-	-	-	(42)	(42)
Dividends	12	-	-	-	(784)	(784)
Total transactions with owners, recognised directly in equity		-	-	-	(826)	(826)
Balance as at 31 December 2019		1,170	64	45	58,214	59,493
Balance at 1 January 2020		1,170	64	45	58,214	59,493
Profit for the financial year		-	-	-	1,973	1,973
Other comprehensive expense for the year		-	-	-	(117)	(117)
Total comprehensive income for the year		-	-	-	1,856	1,856
Equity-settled share based payments	11	-	-	-	(198)	(198)
Dividends	12	-	-	-	-	-
Total transactions with owners, recognised directly in equity		-	-	-	(198)	(198)
Balance as at 31 December 2020		1,170	64	45	59,872	61,151

Other reserve relates to capital redemption reserve.

The accompanying notes form an integral part of these financial statements.

Hexadex Limited

Company statement of changes in equity for the year ended 31 December 2020

	Note	Called-up share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2019		1,170	27,560	28,730
Profit for the financial year		-	16	16
Total comprehensive income for the year		-	16	16
Dividends	12	-	(784)	(784)
Total transactions with owners, recognised directly in equity		-	(784)	(784)
Balance as at 31 December 2019		1,170	26,792	27,962
 Balance as at 1 January 2020		 1,170	 26,792	 27,962
Loss for the financial year		-	(467)	(467)
Total comprehensive expense for the year		-	(467)	(467)
Dividends	12	-	-	-
Total transactions with owners, recognised directly in equity		-	-	-
Balance as at 31 December 2020		1,170	26,325	27,495

The accompanying notes form an integral part of these financial statements.

Hexadex Limited

Consolidated cash flow statement for the year ended 31 December 2020

		2020	2019
	Note	£'000	£'000
Net cash from operating activities		9,687	8,275
Taxation paid		(702)	(1,393)
Net cash generated from operating activities		8,985	6,882
Cash flow from investing activities			
Purchase of tangible assets	16	(5,859)	(7,811)
Purchase of intangible assets	15	(162)	(220)
Subsidiaries acquired net of cash	18	-	(225)
Investment in joint ventures	18	-	(400)
Proceeds from disposals of tangible and intangible assets		1,619	111
Dividends received - jointly controlled entity	18	1,163	1,122
Net cash used in investing activities		(3,239)	(7,423)
Cash flow from financing activities			
Dividends paid	12	-	(784)
Interest paid	13	(73)	(97)
Net cash used in financing activities		(73)	(881)
Net decrease in cash and cash equivalents		5,673	(1,422)
Cash and cash equivalents at 1 January		8,685	10,107
Cash and cash equivalents at 31 December		14,358	8,685
Reconciliation of operating profit to Net cash flow from operating activities			
Group operating profit after profit share		1,478	5,493
Depreciation on tangible fixed assets		4,378	3,524
Interest received		58	143
Surplus on revaluation of property		-	-
Amortisation of intangibles		2,306	457
Net profit on disposal of fixed assets		(436)	(63)
Increase in inventories		(1,231)	(3,118)
Decrease/(increase) in debtors		(8,664)	2,677
(Decrease)/increase in creditors/ provisions (due within One year)		11,840	(1,176)
(Decrease)/increase in creditors (due after One year)		300	471
Share based payment debit/(credit)		(198)	(42)
Foreign exchange differences		(144)	(91)
Net cash inflow		9,687	8,275

Analysis of changes in net funds

	At 1 January 2020 £'000	Cash flow £'000	At 31 December 2020 £'000
Net cash			
Cash at bank and in hand	8,685	5,673	14,358

The accompanying notes form an integral part of these financial statements.

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020

1 General Information

Hexadex Limited is a private company limited by shares and is incorporated in England. The address of its registered office is The Old Court House, 24 Market Street, Gainsborough, Lincolnshire, DN21 2BE.

2 Statement of compliance

The Group and individual financial statements of Hexadex Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Statement of accounting policies

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

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going concern

The Strategic Report on pages 2 to 5 outlines the business activities of the Group alongside the factors which may affect its future development and performance. The Group's financial position is discussed in the Business Review section of the Strategic Report along with details of its cash flow and liquidity. The Strategic Report also sets out the Group's financial risks and the management of those risks.

These financial statements have been prepared on a going concern basis. The directors consider this to be appropriate for the following reasons.

The directors have prepared detailed cash flow forecasts that extend to 30 September 2022. The forecasts consider the directors' views of current and future economic conditions that are expected to prevail over the period. These forecasts include assumptions regarding future revenues and costs together with risks and mitigating actions where applicable:

The forecasts indicate the Company and Group is able meet its liabilities as they fall due throughout the period to 30 September 2022. The key factors considered in reaching this conclusion are summarised below:

- In the period since year end the Group has taken various actions to preserve cash and increase liquidity in response to the challenges arising from COVID-19. This included significantly reducing commitments to capital expenditure with the exception of commitments already made or strategic investments for future growth, a reduction in overheads through the elimination of non-essential spend, margin improvement through cost reduction initiatives, the utilisation of the Government's Job Retention Scheme and an increased focus on supplier payment terms and on timely customer debt collection. As a result of these actions the Group continued to generate an overall positive cash balance in the months following the year end and is forecast to generate a net positive cash balance during the period to September 2022.
- The directors have considered the position of the individual trading companies in the Group to ensure that these companies are also in a position to continue to meet their obligations as they fall due.

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Statement of accounting policies (continued)

Going concern (continued)

The directors have considered the impact of COVID-19 in the forecasts and have adjusted growth assumptions accordingly. In addition, the directors have considered a severe but plausible downside scenario with a third lockdown period in November and December 2021. In this scenario revenues are reduced to reflect the average amount of turnover over the first lockdown period with a corresponding fall in profitability. Taking into account these downsides before other mitigating actions available the group is still able to operate with significant positive cash levels throughout the period to September 2022.

Based on these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all its subsidiaries. The results have been dealt with on an acquisition accounting basis using the average rate method of translation.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group has an investment in 50% of the share capital of Teconnex Funwick Holdings Limited in Hong Kong which in turn owns 100% of the Chinese company Teconnex Funwick Co Limited. The Group also owns 100% of Hexadex Inc which acts as holding company for a 50% investment in Ceramex North America LLC and a 50% shareholding in Retrus Ceramex KK in Japan. During the year Eminox Limited acquired a 50% share of the capital of Eminox Exhaust Control System (Kunshan) Co Limited and through the acquisition of CWM Automation Hexadex inherited a 100% share of CWM Automation USA LLC and in turn a 50% stake in CWM USA LLC. Under the terms of the respective shareholder's agreements, the 50% investments have all been treated as a joint venture within the meaning of FRS102 Section 15 "Investments in Joint Ventures" and are accounted for using the equity method of accounting.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Statement of accounting policies (continued)

Exemptions for qualifying entities under FRS102

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time
- No separate parent company Cash Flow Statement with related notes is included
- Key Management Personnel compensation has not been included a second time
- Certain disclosures required by FRS 102.26 Share Based Payments
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Foreign currency

Functional and presentation currency

The company's functional currency is pound sterling which is presented in the financial statements rounded to thousands.

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 the profit and loss account.

Overseas undertakings

Overseas branches and subsidiary profits and losses are translated from their functional currencies to sterling at annual average foreign exchange rates. Balance sheets are converted at closing foreign exchange rate. The resulting foreign exchange difference is treated as an item charged or credited directly to retained reserves.

Revenue recognition

The turnover shown in the group profit and loss account represents the fair value of the consideration received or receivable taking into account any discounts/rebates allowed and exclusive of Value Added Tax. Sales are recognised as revenue in the period in which the significant risks and rewards of ownership have been transferred to a third party in accordance with contractual incoterms applied. For sales of emission control systems, purpose designed clamps and expansion joints this is generally when the goods leave the factory. For other related business such as exhaust system filter cleaning, servicing and recharges of initial product design and industrialisation costs, sales are recognised when the activity is complete and dispatched to the customer. For Eminox PTE Limited (formerly Hooton Engineering Limited) and CWM Automation Limited, which are both project-based businesses, the transfer of ownership is taken as the date the goods have been delivered and accepted by the customer.

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented under the heading "Other Income".

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Statement of accounting policies (continued)

Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements, a group profit sharing plan and defined contribution pension scheme.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The Group operates a defined auto enrolment contribution pension plan for its employees. The contributions to the plan are recognised as an expense when they are due. Amounts not paid are shown in creditors in the balance sheet.

Annual profit share plan

The Group operates a profit share plan for employees. An expense is recognised in the profit and loss account when the Group has an obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Share-based payments

The company provides share-based payment arrangements to Group employees.

Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares that are treated as being vested.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of deemed vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of deemed vesting and the remaining amount is recognised immediately in the income statement.

Cash-settled arrangements

The company provides a long-term incentive plan to certain employees based on notional Hexadex Limited shares. The cost of provision is calculated using the fair value of equity as though the plan were an equity-settled transaction. The cost is updated annually to reflect the growth or reduction in fair value from grant date. The fair value is expensed on a straight-line basis over the vesting period. In 2018, the group revised the policy by which the fair value is expensed over the vesting period so that the cost of awards are recognised in the three vesting years subsequent to the year of award. The amount recognised as an expense is adjusted to reflect the actual number of notional shares that will have deemed to have vested. Settlements and cancellations are treated as an acceleration of deemed vesting and the remaining amount is recognised immediately in the income statement.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Statement of accounting policies (continued)

Current tax

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities of other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Acquisition goodwill	20 years
Software	5 years

Amortisation is charged to the profit and loss account. The assets are reviewed for impairment if factors indicate that the carrying amount may be impaired.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Tangible assets

Tangible assets are stated at cost or revaluation less any amounts for depreciation and provision for impairment. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	5% straight line
Short leasehold improvements	over the remaining life of the lease
Plant, machinery and fixtures and fittings	10-33% straight line depending on the type of asset
Motor vehicles	40% straight line for the first year if new vehicle; 20% thereafter

The freehold interest in land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Statement of accounting policies (continued)

Tangible assets (continued)

Tangible assets are removed from capital on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Leased assets

Lease contracts are classified as either finance leases or operating leases.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the profit and loss account.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Investment in subsidiaries

Investments in subsidiary companies are held at cost less accumulated impairment losses. The group reviews its investments in subsidiary and joint venture undertakings each year against their underlying net asset values at the balance sheet date and provision is made where appropriate. Impairment reviews are performed when there has been an indication of potential impairment.

Interests in jointly controlled entities

Interests in jointly controlled entities are accounted for using the equity method of accounting. The investments are initially recorded at transaction price and this is subsequently adjusted for the group's share of the post-acquisition profit or losses of the jointly controlled entity. The group's share of the other comprehensive income of the jointly controlled entity is recognised directly in other comprehensive income of the group.

Inventories

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for costs of realisation. Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Cash and cash equivalents

Cash and cash equivalents include 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 unless right of offset exists against deposits in which case overdrafts are netted with deposits.

Provisions and contingencies

Provisions are recognised when the company has a legal or constructive obligation resulting from past events, it is probable that payment will be required to meet the obligation, and the amount can be calculated in a reliable manner. No provisions are made for future operating losses.

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Statement of accounting policies (continued)

Distributions to equity holders

Interim dividends are recognised when the dividend payment is made. No final dividend is proposed for the current year. These amounts are recognised in the statement of changes in equity.

Financial instruments

The company has adopted Sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price.

Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies are initially recognised at transaction price

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose balances and transactions with members of the same group that are wholly owned.

Employee benefit trust and share incentive plan

The company has established a trust which holds both shares and cash with the broad objective of providing benefits to group employees and their dependants, both past and present. The trust holds shares for future acquisition by the SIP. The trustees operate independently of the company and the assets of the respective trusts are held separately from those of the company. However, in order to comply with accounting standards the assets of the trusts are combined with those of the company in these financial statements.

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

4 Critical accounting judgements and estimation uncertainty

Company management and the board of directors make estimates and assumptions about the future. These estimates and assumptions impact on recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the financial year include:

- Determining whether the carrying value of intangible assets, tangible assets and fixed asset investments are impaired requires an estimation of their value in use to the Group. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset, tangible asset or fixed asset investment and a suitable discount rate in order to calculate present value. This exercise is completed annually, or when there are indicators that impairment may exist. Impairments are appropriately recorded in the profit and loss account.
- Determining whether stock values are recoverable requires an estimation of their value in use and is based on up to date trading information. The directors use their knowledge of the business, the trading environment and future projections to assess whether provision is necessary in this area. In the opinion of the directors there is no known unprovided exposure to impaired stock at the balance sheet date.
- Some products sold by the group carry guarantees of satisfactory performance of varying periods following their purchase by customers. Provision is made for the potential liabilities arising from unexpired warranties

5 Turnover

The Group's turnover and operating profit relate entirely to its principal activities as set out in the Strategic Report. The geographical analysis of group turnover is:

	2020	2019
Destination of turnover	£'000	£'000
United Kingdom	26,264	38,727
Rest of Europe	81,540	73,409
Rest of the World	13,667	16,290
Total	121,471	128,426

	2020	2019
Origin of turnover	£'000	£'000
United Kingdom	112,714	125,171
Rest of Europe	5,728	3,158
Rest of the World	3,029	97
Total	121,471	128,426

	2020	2019
Analysis of turnover by category	£'000	£'000
Sale of goods	115,728	123,271
Services	5,743	5,155
Total	121,471	128,426

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

6 Other Income

	2020	2019
	£'000	£'000
Government grants - JRS	2,284	-
Royalty income	215	-
Government grant - Innovate	102	-
Total	2,601	-

In 2020 the Group received £2,284,000 as a grant from the government relating to the Job Retention Scheme (JRS) introduced in the United Kingdom in response to the COVID-19 coronavirus pandemic. The Group was entitled to the JRS subsidy because it had to minimise its operations in the United Kingdom and furlough some of its employees from March 2020 to October 2020. The grant was recognised in profit or loss in 'other income' as the related wages and salaries for furloughed employees were recognised. There is an outstanding balance of £301 to be repaid as at 31 December 2020.

Royalties received of £215,000 (2019: £278,000) have been reclassified under Other Income in line with FRS102. It had previously been included as negative cost within Other Operating Charges.

Eminox, a subsidiary of Hexadex Limited, received Innovate grant income in 2020 of £102,000. (2019: £Nil).

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Net operating costs

	2020	2019
	£'000	£'000
Raw materials and consumables	62,975	58,209
Staff costs (note 9)	35,961	39,997
Depreciation of tangible fixed assets	4,378	3,524
Amortisation of intangible fixed assets	218	457
Impairment of goodwill	2,088	-
Other operating charges	18,844	21,892
Net operating costs	124,464	124,079

8 Group operating profit

	2020	2019
	£'000	£'000
Operating profit is stated after charging / (crediting)		
Amortisation of intangible assets	218	457
Depreciation of tangible assets – all owned	4,378	3,524
Impairment of Goodwill	2,088	-
Net profit on disposal of tangible fixed assets	(436)	(63)
Impairment of inventories	633	(23)
Long term incentive plan expense	215	876
Research and product development costs	2,271	2,329
Operating lease costs	789	148
Net gain on foreign currency transactions	117	(334)
Auditors' remuneration		
Audit services – Fees payable to company's auditor for the audit of parent company and consolidated financial statements	35	42
Audit services – Fees payable to company's auditor for the audit of the company's subsidiaries	209	134
Other services – Fees payable to company's auditor for other services	156	73

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Employees

	2020 £'000	2019 £'000
Wages and salaries	30,589	33,464
Social security costs	2,856	3,149
Long term incentive plan cost (note 11)	215	876
Pension costs	1,515	1,654
	35,175	39,143
Profit share	786	854
Total staff costs	35,961	39,997

The average monthly number of persons employed by the group during the year was:

By activity	2020 Number	2019 Number
Production and distribution	836	804
Administration (including executive directors)	358	359
Total number	1,194	1,163

10 Directors' emoluments

	2020 £'000	2019 £'000
Aggregate emoluments (including benefits in kind)	1,344	1,210
Company pension contributions to money purchase scheme	64	31
Long-term management incentive plan	149	494
Total	1,557	1,735

Retirement benefits are accruing to four (2019: three) directors under a defined contribution scheme.

A Hexadex group discretionary award scheme operates for senior management. The scheme operates on a three and four year accrual period and is based on Hexadex Limited share price valuations. Four directors (2019: three directors) had awards that had reached a three year maturity and the valuation of this is included above. Senior management in this scheme do not also participate in the employee profit share scheme.

The highest paid director received aggregate emoluments of £504,931 (2019: £578,275) and pension contributions paid for that employee were £6,100 (2019: £10,000). Discretionary award shares reaching maturity amounted to £102,300 (2019: £189,200) at latest valuation.

Key management compensation:

Key management includes the directors and members of senior management. The compensation paid or payable to key management for the full year is shown below:

	2020 £'000	2019 £'000
Salaries and other short-term benefits	3,992	4,403
Discretionary award scheme - long-term management incentive plan	434	345
Total	4,426	4,748

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

11 Share-based payments

Share incentive plan

At 31st December 2020, the Hexadex Limited employee benefit trust held 9,856,543 (2019: 9,385,197) shares with a cost of £4,286,551 (2019: £4,269,014). These shares were originally acquired in March 2008 by the Trust and are used to provide shares under the Share Incentive Plan which operates as an equity settled arrangement. The Trust continues to use the funds provided by Hexadex Limited to meet the Group's obligations under the SIP which was implemented at the end of 2009.

In the SIP, employees are given the option to purchase the beneficial interest in Hexadex shares and may be awarded matching share interests, in which employees can participate after three years. Current employee benefits are focussed on profit share payments and so there is no intention of awarding matching shares currently. All employees who comply with the statutory requirements are eligible to join the scheme and can purchase beneficial interests on a bi-annual basis. Continuing employment is a condition of scheme membership.

The HMRC confirmed share price of the shares at the grant date has been used as the fair value for the shares. No matching shares were awarded under the Share Incentive Plan in the year:

Grant date	5 Oct 2020	5 Apr 2020
Share price at grant date	£0.40p	£0.44p
Number of earnings benefit trust shares awarded	131,441	147,682

A summary of the movements in matching shares over the year to 31 December 2020 is shown below:

	Number
Amount granted brought forward at 1 January 2020	330,313
Granted	-
Sold / forfeited	(126,184)
Outstanding at 31 December 2020	204,129

All of the above matching shares were awarded more than three years ago and are exercisable. The total profit and loss account charge for the year relating to equity settled employee share-based payment plans was £Nil (2019: £Nil).

Long-term incentive plan

Hexadex operates a discretionary long-term incentive plan for senior management to help motivate, retain and align their efforts and to build the long-term value of the group. The scheme, which operates as a cash settled arrangement, awards a number of notional shares in Hexadex Limited to individuals and the value of those shares is based on the prevailing share price and may be taken in cash after a three year vesting period. The cost of providing these benefits is provided in the accounts and the following summarises the movement in the year:

	Number of shares outstanding	Provision £000
At 31 st December 2019	9,552,214	2,972
Adjustment to prior year	(136,000)	(58)
Shares cashed	(3,179,590)	(1,383)
New shares awarded (exercisable in three years)	-	-
Profit and loss account charge	-	215
At 31 st December 2020	6,236,624	1,746

Of these shares outstanding at 31st December 2020, 2,009,500 are outstanding for financial year 2017 and become exercisable after the three year vesting period respectively in January 2021.

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

12 Dividends

Group	2020 £'000	2019 £'000
Interim dividend for 2020 of £Nil pence per ordinary share (2019 – interim of 0.67 pence per ordinary share)	-	784

No interim dividend was recommended by the directors for 2020 (2019: 0.67 pence per ordinary share). The aggregate dividends to be recognised in 2020 will be £Nil (2019: £783,899). No final dividend is recommended by directors for the year.

13 Net interest receivable

	2020 £'000	2019 £'000
Bank interest receivable	55	139
Other interest receivable	3	4
Total interest receivable and similar income	58	143
Finance lease	-	(2)
Interest payable to bank	(62)	(95)
Other interest payable	(11)	
Total interest payable and similar charges	(73)	(97)
Net interest payable/receivable	(15)	46

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Tax on profit on ordinary activities

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax on profit for the year	402	734
Adjustments in respect of previous years	343	(75)
	745	659
Foreign tax		
Corporation taxes	(47)	(4)
Total current tax	698	655
Deferred tax		
Origination and reversal of timing differences	324	386
Adjustments in respect of previous years	(172)	
Group tax on profit on ordinary activities	850	1,041

The tax assessed for the year is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained as below:

	2020	2019
	£'000	£'000
Profit on ordinary activities before taxation	2,823	6,619
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	536	1,257
Effects of:		
Adjustments in respect of previous periods:		
Current tax:		
2016 research and development expenditure credits	-	-
2017 research and development expenditure credits	-	(163)
2018 research and development expenditure credits	(165)	(178)
Tax on research and development expenditure credits	31	66
Previous year R & D benefit released	144	216
Other adjustments	333	(16)
	343	(75)
Deferred tax	(172)	71
Total adjustment in respect of previous periods	171	(4)
Deferred tax origination and reversal of timing differences	324	
Income not taxable/ additional expenses deductible	202	(396)
JV tax included in PBT less overseas tax losses	(383)	184
Tax charge for the year	850	1,041

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Tax on profit on ordinary activities (continued)

Tax rate changes

A reduction in the tax rate from 20% to 19% was effective from 1 April 2017. As at 31 December 2019, the government had substantively enacted a future reduction to the standard rate of corporation tax in the UK to 17% from 1 April 2020. On 4 March 2021, the government substantively enacted the future rate of corporation tax in the UK to increase to 25% from 1 April 2023. The deferred tax assets and liabilities at the balance sheet date have been measured at 19%. The effect on the above calculations is not material.

15 Intangible fixed assets

Group	Acquisition goodwill	Business goodwill	Software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2020	2,973	39	856	3,868
Opening Reclassifications	-	-	88	88
Restated opening balance	2,973	39	944	3,956
Additions	-	-	161	161
Disposals	-	-	-	-
At 31 December 2020	2,973	39	1,105	4,117
Accumulated amortisation and impairment				
At 1 January 2020	482	39	365	886
Amortisation	52	-	166	218
Provision for impairment	2,088	-	-	2,088
Disposals	-	-	-	-
Exchange differences	-	-	-	-
At 31 December 2020	2,622	39	531	3,192
Net book amount				
At 31 December 2020	351	-	574	925
At 31 December 2019	2,491	-	491	2,982

The directors have considered the carrying amount of the cash generating units versus the recoverable amount where there are indicators of impairment. The recoverable amount of each cash generating unit has been estimated with reference to its value in use. Based on the comparison performed for each cash generating unit additional impairment of £1.8 has been identified and provided for in respect of acquisition goodwill.

The acquisition goodwill arose from the excess payment over the fair value of the net assets of the following subsidiary companies, CWM Automation Limited, Eminox PTE Limited (formerly Hooton Engineering Limited) and Bellows Technology Limited. The whole of any remaining goodwill in CWM Automation Limited and Eminox PTE Limited (formerly Hooton Engineering Ltd) has now been fully impaired.

Company

The company had no intangible assets at 31 December 2020 (2019: £nil).

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

16 Tangible fixed assets

Group	Freehold Property	Short leasehold improvements	Plant, machinery, fixtures and fittings	Construction in process	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2020	15,340	561	27,048	13	1,763	44,725
Opening reclassifications	21	(21)	(88)	-	-	(88)
Restated opening balance	15,361	540	26,960	13	1,763	44,637
Reclassifications	-	-	13	(13)	-	-
Additions	1,702	33	3,246	-	146	5,127
Disposals	(387)	(483)	(399)	-	(414)	(1,683)
Exchange adjustment	(15)	-	(60)	-	(3)	(78)
At 31 December 2020	16,661	90	29,760	-	1,492	48,003
Depreciation						
At 1 January 2020	5,203	274	14,173	-	926	20,576
Opening reclassifications	-	-	(4)	-	-	(4)
Restated opening balance	5,203	274	14,169	-	926	20,572
Charge for the year	643	280	3,109	-	346	4,378
Disposals	(362)	(479)	(107)	-	(284)	(1,232)
Exchange adjustment	(1)	-	(7)	-	(1)	(9)
At 31 December 2020	5,483	75	17,164	-	987	23,709
Net book amount						
At 31 December 2020	11,178	15	12,596	-	505	24,294
At 31 December 2019	10,137	287	12,875	13	837	24,149

Included in freehold property is land not subject to depreciation of £2,258,075 (2019: £2,258,075).

Capital Commitments	2020	2019
	£'000	£'000
Contracted for but not provided for in the financial statements	619	934

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

16 Tangible fixed assets (continued)

Hexadex company

	Freehold Property	Plant, machinery, fixtures and fittings	Construction in process	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2020	13,287	443	13	278	14,021
Transfers	-	13	(13)	-	-
Additions	112	23	-	58	193
Transfer from subsidiaries	192	-	-	-	192
Disposals	(579)	-	-	(27)	(606)
At 31 December 2020	13,012	479	-	309	13,800
Accumulated Depreciation					
At 1 January 2020	3,980	387	-	191	4,558
Charge for the year	543	25	-	62	630
Transfer from subsidiaries	76	-	-	-	76
Disposals	(438)	-	-	(27)	(465)
At 31 December 2020	4,161	412	-	226	4,799
Net book amount					
At 31 December 2020	8,851	67	-	83	9,001
At 31 December 2019	9,307	56	13	87	9,463

Included in freehold property is land not subject to depreciation of £2,258,075 (2019: £2,258,075).

The company had no capital commitments at either year end.

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

17 Investment properties

Group

	£'000
Value	
At 1 January 2020	45
At 31 December 2020	45

Company

	£'000
Value	
At 1 January 2020	45
At 31 December 2020	45

18 Investments

Group

	Investments in jointly controlled operations	Other investments	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	4,665	11	4,676
Additions – net analysed below	294	-	294
At 31 December 2020	4,959	11	4,970
Amounts provided			
At 1 January 2020	-	11	11
At 31 December 2020	-	11	11
Net book value			
At 31 December 2020	4,959	-	4,959
At 31 December 2019	4,665	-	4,665

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

18 Investments (continued)

Investments in jointly controlled operations

The Group holds a 50% interest in three jointly controlled entities which are accounted for using the equity method. The carrying value of the Group's investments in jointly controlled entities is as follows:

	2020	2019
	£'000	£'000
At 1 January 2020	4,665	4,525
Investment in Eminox China joint venture	-	400
Share of profit	1,360	1,080
Dividends received	(1,163)	(1,122)
Exchange adjustment	97	(218)
At 31 December 2020	4,959	4,665

Company

	Subsidiaries and joint ventures	Other investments	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	6,780	11	6,791
Addition – existing subsidiary	-	-	-
At 31 December 2020	6,780	11	6,791
Amounts provided			
At 1 January 2020	-	11	11
Provision for impairment	1,776	-	1,776
At 31 December 2020	1,776	11	1,787
Net book value			
At 31 December 2020	5,004	-	5,004
At 31 December 2019	6,780	-	6,780

The directors believe that the carrying value of the investments is supported by their underlying net assets except where provisions for impairment are shown.

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

18 Investments (continued)

Hexadex Limited has interests in the following companies:

Trading subsidiary undertakings:	Country of incorporation	Proportion of Ordinary shares held
Eminox Limited	UK	100%
Eminox GmbH	Germany	100%
Teconnex Limited	UK	100%
Ceramex Limited	UK	100%
Teconnex Funwick Precision Technology (Kunshan) Co Limited 1	The People's Republic of China	50%
Retrus Ceramex KK * 1	Japan	50%
Teconnex Mexico S de RL de CV **	Mexico	100%
Bellows Technology Limited **	UK	100%
Eminox PTE Limited (formerly Hooton Engineering Limited)	UK	100%
Ceramex North America LLC 1	USA	50%
Eminox New Ventures Limited	UK	100%
CWM Automation USA LLC 1***	US	50%
Eminox Exhaust Control System (Kunshan) Co Limited 1	The People's Republic of China	50%
CWM Automation Limited	UK	100%
Teconnex Europe SRL **	Romania	100%
Teconnex India LLP **	India	100%
CWM Automation North America LLC ***	US	100%
Teconnex North America LLC	US	100%

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

18 Investments (continued)

Holding and property companies:	Country of incorporation	Proportion of Ordinary shares held
Teconnex Funwick Holdings Limited ** 1	Hong Kong	50%
Hexadex Inc	USA	100%
Connectors Limited	UK	100%

1 accounted for as interests in jointly owned entities

* owned indirectly through Ceramex Limited

** owned indirectly through Teconnex Limited / Connectors Limited

***owned indirectly through CWM Automation Limited

Trading Group companies are involved in the manufacture, distribution and cleaning or servicing of exhaust systems, the design and manufacture of clamping solutions, sheet metal fabrications, packaging machinery and flexible couplings. All other subsidiaries in the group are dormant and these are Smith and Johnson (Keighley) Ltd, X Purge Ltd and Veritex Ltd.

The registered address of companies in the Group is The Old Courthouse, 24 Market Street, Gainsborough, Lincolnshire, DN21 2BE, except:

Teconnex Funwick Holdings Limited	Unit 2702, 27/F, The Centrium, 60 Wyndham St Central, HK
Teconnex Funwick Precision Technology (Kunshan) Co Limited	No 38, Yuxi Rd, Qiandeng Town, Kunshan, Jiangsu, 215343, China
Teconnex Mexico s de RLde CV	Rio Tamazunchale 205 Nte, Colonia del Valle, San Pedro Garza Garcia, Nuevo Leon C.P. 66220 Mexico
Hexadex Inc	1209 Orange St, Wilmington, Delaware 19801, USA
Ceramex North America LLC	405 North Jefferson Ave, Springfield, MO 65806, USA
Eminox GmbH	c/o Squire Patton Boggs, Unter der Linden 14, 10117, Berlin
Retrus Ceramex KK	Fukui Prefecture Echizen-shi Inaba Town 29-7, Japan
CWM Automation USA LLC	8800 Global Way, West Chester, OH45069, USA
Eminox Exhaust Control System (Kunshan) Co Limited 1	No 38, Yuxi Rd, Qiandeng Town, Kunshan, Jiangsu, 215343, China
Teconnex Europe SRL **	3, Mihai, Eminescu St, 1st Floor, Office No 1, Cluj-Napoca, Cluj Romania
Teconnex India LLP **	Plot No.: PAP S-1; MIDC Phase II, Chakan, Taluka, Khed, Pune, Maharashtra 410501 India.
CWM Automation North America LLC	1209 Orange Street, Wilmington, Delaware 19801, USA
Teconnex North America LLC	1209 Orange Street, Wilmington, Delaware 19801, USA

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

19 Inventories

	2020	2019
	£'000	£'000
Raw materials	10,016	10,655
Work in progress	3,091	3,114
Finished goods	4,765	2,872
	17,872	16,641

There was no significant difference between the replacement cost of inventories and their carrying amounts. Inventories are stated after provisions for impairment of £1,094,000 (2019: £615,000).

20 Debtors

	Group		Hexadex Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	32,057	22,198	-	-
Amounts owed by group undertakings	-	-	4,688	4,927
Deferred tax (note 23)	71	224	251	397
Corporation tax	470	645	-	-
Other debtors	1,599	2,965	-	271
Prepayments and accrued income	1,339	1,122	275	119
Derivative	-	51	-	-
	35,536	27,205	5,214	5,714

Amounts owed by group undertakings attract interest at Bank of England Base Rate plus 1.5% making a current total rate of 1.6%.

Trade debtors are stated after provisions for impairment of £265,000 (2019: £109,000).

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

20 Debtors (continued)

The Group's local currency is pounds sterling but some sales are made outside the United Kingdom and are denominated in Euros, Swedish Krona and US Dollars. As a result, the Group is subject to foreign currency exchange risk due to exchange rate movements between pounds sterling and these currencies. In accordance with Group policy, the Group seeks to reduce this risk by entering into forward exchange contracts with external parties if the exposure cannot be hedged within the group itself. The Hexadex Limited position is shown below:

Group external forward exchange contracts outstanding:

US Dollars:	2020 £'000	2019 £'000
Proceeds to sell forward \$Nil (2019: \$1,380,000)	-	1,094
Cost to sell forward \$Nil (2019: \$1,380,000)	-	(1,043)
Net forward contract asset included in financial statements	-	51

Euros:	2020 £'000	2019 £'000
Proceeds to sell forward €Nil (2019: €150,000)	-	128
Cost to sell forward €Nil (2019: €150,000)	-	(128)
Net forward contract asset included in financial Statements	-	-
Total net forward contract asset included in financial statements	-	51

21 Creditors – amounts falling due within one year

	Group		Hexadex Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	20,164	8,608	277	83
Corporation tax	-	185	-	-
Deferred tax	-	-	-	-
Other taxation and social security	1,073	1,184	145	104
Finance leases	-	2	-	-
Net loss under currency contracts	-	5	-	-
Other creditors	771	2,381	407	2,021
Accruals and deferred income	11,396	9,628	394	600
	33,404	21,993	1,223	2,808

Amounts owed to group undertakings are unsecured and repayable on demand and carry interest at Bank of England Base Rate plus 1.5% making a current total rate of 1.6%.

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

21 Creditors – amounts falling due within one year (continued)

The Group's local currency is pounds sterling but some sales are made outside the United Kingdom and are denominated in Euros, Swedish Krona and US Dollars. As a result, the Group is subject to foreign currency exchange risk due to exchange rate movements between pounds sterling and these currencies. In accordance with Group policy, the Group seeks to reduce this risk by entering into forward exchange contracts with external parties if the exposure cannot be hedged within the group itself. The Hexadex Limited position is shown below:

Group external forward exchange contracts outstanding:

Euros:	2020 £'000	2019 £'000
Value of contracts to sell forward €Nil (2019 : €Nil)	-	-
Cost of Euro liability on maturity of forward contracts €Nil (2019 : €Nil)	-	-
Net forward contract liability included in financial statements	-	-

US Dollars:	2020 £'000	2019 £'000
Cost of US Dollar liability on maturity of forward contracts \$Nil (2019: \$500,000)	-	(383)
Value of contracts to buy forward \$Nil (2019: \$500,000)	-	378
Net forward contract liability included in financial statements	-	(5)
Total net forward contract liability included in financial statements	-	(5)

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

22 Creditors – amounts falling due after more than one year

	Group		Hexadex Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Other creditors	1,427	1,127	1,427	1,127

As set out in note 11 a long term incentive plan operates. Notional shares are not exercisable until three years after the award being made. The result is that not all the provision for this cash settled liability is payable within one year. The amount that cannot be exercised within 12 months is presented on the balance sheet as due after more than one year.

23 Deferred taxation

Group

	Unutilised tax losses	Depreciation in excess of capital allowances	Other short term timing differences	Total
	£'000	£'000	£'000	£'000
At 1 January 2020 – (liability)/asset	180	(542)	586	224
(Charge) / credit for the year	21	(245)	72	(152)
Reclassification	(6)	14	(9)	(1)
At 31 December 2020 – asset	195	(773)	649	71

Hexadex company

	Unutilised tax losses	Depreciation in excess of capital allowances	Other short term timing differences	Total
	£'000	£'000	£'000	£'000
At 1 January 2019 – (liability) / asset	0	(55)	452	397
(Charge) / credit for the year	0	(66)	(80)	(146)
At 31 December 2019 – (liability) / asset	0	(121)	372	251

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

24 Provisions for liabilities

	2020	2019
	£'000	£'000
Warranty provisions:		
At 1 January 2020	1,759	1,889
Charged to profit and loss in the year	928	40
Amounts utilised	(680)	(170)
At 31 December 2020	2,007	1,759

Some products sold by the Group carry guarantees of satisfactory performance of varying periods following their purchase by customers. Provision is made for the potential cost of honouring unexpired warranties.

25 Called up share capital

	Group and company 2020	2019
	£'000	£'000
Allotted, called up and fully paid		
117,000,000 (2019: 117,000,000) ordinary shares at £0.01 each	1,170	1,170

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital. There were no changes to share capital during the year.

26 Commitments under operating leases

The Group and company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Payments due:				
Not later than one year	1,092	560	-	-
Later than one year and not later than five years	4,190	945	-	-
Later than five years	345	-	-	-
	5,627	1,505	-	-

Hexadex Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

27 Related party transactions

The Group was under the control of D H Milles throughout the current and previous years. D H Milles is the controlling shareholder and remains the ultimate controlling party of the company.

Other than the transactions disclosed above and in note 10, the company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed. Transactions with jointly controlled entities, other than dividends and investments set out in note 18, are as follows:

	Year ended 31 December 2020		Year ended 31 December 2019	
	Purchases from related parties	Amounts owed to related parties	Purchases from related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000
Eminox Funwick China	7	-	-	-
Teconnex Funwick China	16	13	-	-

	Year ended 31 December 2020		Year ended 31 December 2019	
	Interest received	Amounts due from related parties	Interest received	Amounts due from related parties
	£'000	£'000	£'000	£'000
Ceramex North America	3	107	4	175

	Year ended 31 December 2020		Year ended 31 December 2019	
	Sale of fixed assets		Sale of fixed assets	
	£'000		£'000	
Ceramex RCKK Japan	-	-	-	7

	Year ended 31 December 2020		Year ended 31 December 2019	
	Sales to related parties	Amounts owed by related parties	Sales to related parties	Amounts owed by related parties
	£'000	£'000	£'000	£'000
Eminox Funwick China	257	257	-	-
Teconnex Funwick China	145	58	200	102