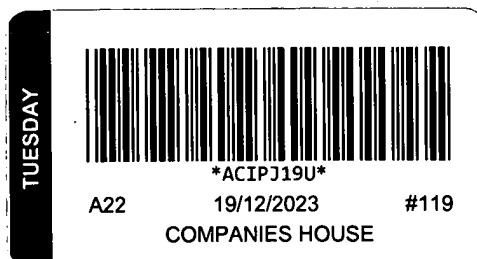


Company Registration No. 05870526 (England and Wales)

**CYGNET GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 MARCH 2023**



# **CYGNET GROUP LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	M J Kimpton-Smith J E Smith S S Kimpton-Smith C P Smith
<b>Secretary</b>	J Stephens
<b>Company number</b>	05870526
<b>Registered office</b>	Swan House Kimpton Drive Off Wincham Lane, Wincham Northwich Cheshire CW9 6GG
<b>Auditor</b>	MHA Moore and Smalley 80 Mosley Street Manchester United Kingdom M2 3FX
<b>Business address</b>	Swan House Kimpton Drive Off Wincham Lane, Wincham Northwich Cheshire CW9 6GG

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# **CYGNET GROUP LIMITED**

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# CYGNET GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 MARCH 2023

The Directors present their Strategic Report for the year ended 30 March 2023. This Strategic Report has been prepared for Cygnet Group Limited and its subsidiary undertakings (together, 'the Group') as a whole and, therefore, gives greater emphasis to those matters which are significant in the context of the Group.

#### Financial Review

The Board monitors the progress of the Group strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators. The key performance indicators used by the Board are:

	2023	2022	Absolute Change	% Change
Turnover (£m)	12.4	16.4	(4.0)	(24.39%)
Gross margin (£m)	3.4	4.4	(1.0)	(22.73%)
Gross profit margin (%)	27.2%	26.7%	-	0.50%
R&D expenditure (£m)	(0.7)	(1.1)	(0.4)	36.36%
Operating profit (£m)	0.5	1.2	(0.7)	(58.33%)
Net assets (£m)	5.9	5.4	0.5	9.26%
Cash in hand (£m)	5.0	4.1	0.9	21.95%

# CYGNET GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 MARCH 2023**

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### **Principal risks and uncertainties**

The Group remains exposed to macro market risk resulting from instability in the credit markets. A significant number of the Group's contracts are denominated in US Dollars or Euros and the Group has a robust policy for the use of forward contracts in place to mitigate exchange rate risk. The Group actively tries to avoid reliance on any one customer, geographical area or market sector.

The Group is committed to research and development, recognising that commitment to innovation is essential to maintain its position at the forefront of its markets. The Group mitigates the risk of an individual or combination of projects having an adverse impact on the Group's profit or cash flows by ensuring a suitable mix is maintained between contracts with low, medium and high technical readiness levels.

The Group is exposed to liquidity risk as the profile of receipts under long-term contracts may not be timed to coincide with corresponding outflows. In order to mitigate liquidity risk, the Group ensures that its subsidiaries have a mixture of long-term and short-term debt facilities, including £2.6m of short and medium-term debt facilities and a £792k Government backed coronavirus business interruption loan which provides a longer term debt facility.

The Group is exposed to credit risk on the carrying value of its assets, principally receivables. The Directors believe that as the counter parties are mainly major corporations, the credit risk is minimal. Controls around customer credit are being tightened due to the current crisis, however the Directors believe there is no significant change in the ability of core customers to meet their obligations in this matter.

The Group recognises its obligations relating to health and safety and the risk to its reputation of any incident affecting the health and safety of its customers or employees. The Directors are mindful of their responsibilities to ensure a safe environment in all Group companies. The Group regularly monitors the health and safety procedures of each subsidiary company to ensure that a safe environment is maintained in the Group's operations.

The Group continues to invest in robust IT systems and adopted a more flexible approach to working practices than previously, with remote working being offered across the business where possible and flexible hours to support a healthy work life balance.

The Group believes it is well placed to respond to current global markets and to continue to build on the progress made in the financial year.

# **CYGNET GROUP LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 MARCH 2023**

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### **Strategic Review**

#### *Markets, People and Infrastructure*

The primary business focus of the Group is on delivering process machinery, automation and turnkey plant solutions for the processing of technical fibres. Through its subsidiary, Cygnet Texkimp, the Group targets global technical fibre markets. Carbon fibre remains the largest technical fibre growth area and this is expected to continue for the foreseeable future

Driven by a global need, and often regulatory requirement, to reduce emissions and to improve fuel efficiency, the 'light weighting' agenda continues to gather momentum and brings with it a number of challenges and opportunities that Cygnet Texkimp is well-positioned to meet. Light weighting is widening the use of technical fibres and advanced materials in the aerospace, automotive, wind, industrial, defence and space industries; these provide significant opportunities for growth into new sectors not currently served by Cygnet Texkimp. The demand for innovative solutions in the handling of these fibres and materials in these different sectors also gives scope for the spread of risk. This has formed a significant part of Cygnet Texkimp's strategy for the future.

The Groups' other main trading subsidiary, SECC applies its innovative, patented connector technology primarily for well interventions in the subsea oil and gas markets. Its connector technology provides a proven, trusted solution which enables operators to address important operational challenges.

Over the last few years, the fluctuating oil price has heavily influenced the oil production strategies adopted by SECC's customers. The industry has adapted to this variability by focusing investment on longer term well efficiency targets. SECC provides an enabling technology that provides one of the most cost-effective ways of maximising the extraction of existing oil reserves and production rather than the development of new fields and assets.

SECC continues to focus on new product development and the development of its intellectual property. It has continued to investigate how its connector technology can be used in other markets, particularly alternative energy sources and renewables.

The Group has benefitted from the relaxation of travel restrictions in the year that has enabled our sales team to renew face to face meetings with its global customer base and attend more international exhibitions and conferences.

The Group continues to monitor the performance of Cygnet Texkimp and SECC to assess their individual performance, their operational structure and ensure efficiency throughout the Group. Overheads are continually monitored and adapted, whilst maintaining service levels and R&D, and we continue to support investment in their sales and technical teams.

The Group has continued to encourage investment by Cygnet Texkimp and SECC in its staff and general infrastructure, including IT and IP. As a Group, we have undertaken collaborative R&D projects utilising both the Innovate UK and European grant funding platforms, to accelerate our internal R&D and build key relationship with some of the biggest brands in the sectors that we operate.

# **CYGNET GROUP LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 MARCH 2023**

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### *Future Developments*

As a Group, we continue to invest heavily in R&D projects that are focused on future technologies, supporting UK and global aspirations for greener processes and outputs that will be used to improve the green credentials of the end users.

We are developing our capabilities to offer innovative recycling processes for carbon fibre and cryogenic solutions for the transmission of carbon neutral energy.

The Group intends to further capitalise on its restructured cost base, enhanced information systems and product innovation. The pandemic has also provided an opportunity to re-engineer our businesses and to identify further opportunities for efficiencies. Strategic plans are being continually reviewed, cascaded and adapted with a clear view of the main drivers of growth and profitability.

Research and development remain at the forefront of what we do. Our focus on expanding our product portfolio through innovation underpins our future strategy for growth and profitability.

On behalf of the board



M J Kimpton-Smith  
Director

21 November 2023

# **CYGNET GROUP LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 MARCH 2023**

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The directors present their annual report and financial statements for the year ended 30 March 2023.

#### **Principal activities**

The principal activity of Cygnet Group Limited is to manage its interests in its operating subsidiaries to help them reach their full potential. It provides strategic support and guidance to these subsidiaries through close interaction with the operational management teams and attendance at Board meetings. It also manages the property interests of the Group.

The Group has two principal operating subsidiaries:

- Cygnet Texkimp Limited ('Cygnet Texkimp') which designs and manufactures engineering solutions for the handling and processing of technical fibres; and
- SECC Oil & Gas Limited ('SECC') which designs and manufactures couplings and connectors for the oil and gas industry.

These businesses are run as independent trading entities within the Group, with separate management structures. They are encouraged to develop as autonomous businesses, under the supervision of Cygnet Group, but share some joint services where it is commercially advantageous to do so.

#### **Results and dividends**

The Directors paid interim dividends of £162,000 in the year ended 30 March 2023 (31 March 2022: £168,000). At 30 March 2023, a final dividend of £nil was proposed (31 March 2022: £nil).

#### **Directors**

The Directors of the Group who served during the year and thereafter are listed below:

M J Kimpton-Smith  
J E Smith  
S S Kimpton-Smith  
C P Smith

#### **Research and development**

The Group undertakes research and development expenditure and, in the opinion of the Directors, continued investment in this area is essential for the maintenance of the Group's market position and for future growth.

#### **Auditor**

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of disclosure to auditor**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group and the Company's auditor is aware of that information.



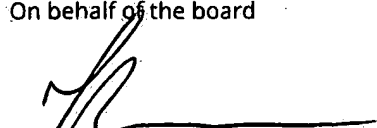
# **CYGNET GROUP LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 MARCH 2023***

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On behalf of the board



M. Kimpton-Smith  
**Director**

21 November 2023

# **CYGNET GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 MARCH 2023***

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The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **CYGNET GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF CYGNET GROUP LIMITED**

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#### **Opinion**

We have audited the financial statements of Cygnet Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Positions, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and of the parent company's affairs as at 30 March 2023, and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included: the review of management's going concern assessment including the cashflow forecasts prepared by management and the terms of the key finance facilities in place, performing sensitivity analysis on the key assumptions embedded within management's going concern assessment, and reviewing sector specific market information that may inform our assessment.

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

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

# **CYGNET GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CYGNET GROUP LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

#### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the group and the 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

# **CYGNET GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CYGNET GROUP LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Enquiries with management, about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their key accounting estimates, in particular in relation to judgements in long-term contract accounting and provisions; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.
- Reviewing board minutes and legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.
- Addressing the risk of fraud in revenue recognition through testing revenue transactions and contract revenue back to supporting evidence.

Because of the field in which the client operates we identified that health and safety legislation, employment law, and compliance with the UK Companies Act are the areas most likely to have a material impact on the financial statements.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

## **CYGNET GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF CYGNET GROUP LIMITED**

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##### **Use of our report**

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

*Alexander Kelly*

Alexander Kelly (Senior statutory Auditor)  
For and on behalf of MHA Moore and Smalley

Date: 21/11/23

Chartered Accountants  
Statutory Auditor

80 Mosley Street  
Manchester  
United Kingdom  
M2 3FX

# CYGNET GROUP LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 MARCH 2023

	Notes	2023 £000's	2022 £000's
Turnover	3	12,415	16,397
Cost of sales		(9,035)	(12,015)
<b>Gross profit</b>		<b>3,380</b>	<b>4,382</b>
Administrative expenses		(3,742)	(3,640)
Other operating income		852	464
<b>Operating profit</b>	4	<b>490</b>	<b>1,206</b>
Interest receivable and similar income	8	3	7
Interest payable and similar expenses	9	(82)	(47)
<b>Profit before taxation</b>		<b>411</b>	<b>1,166</b>
Tax on profit	10	175	(50)
<b>Profit for the financial year</b>		<b>586</b>	<b>1,116</b>
<b>Other comprehensive income</b>			
Currency translation differences		117	(38)
<b>Total comprehensive income for the year</b>		<b>703</b>	<b>1,078</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		164	985
- Non-controlling interests		422	131
		<b>586</b>	<b>1,116</b>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		281	947
- Non-controlling interests		422	131
		<b>703</b>	<b>1,078</b>

# CYGNET GROUP LIMITED

## GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 30 MARCH 2023

	Notes	Group 2023 £000's	2022 £000's	Company 2023 £000's	2022 £000's
<b>Fixed assets</b>					
Goodwill	12	107	129	-	-
Other intangible assets	12	232	479	-	-
		<u>339</u>	<u>608</u>	<u>-</u>	<u>-</u>
Total intangible assets		339	608	-	-
Tangible assets	13	2,330	2,089	1,296	1,410
Investment properties	14	340	340	340	340
Investments	15	-	-	716	716
		<u>3,009</u>	<u>3,037</u>	<u>2,352</u>	<u>2,466</u>
<b>Current assets</b>					
Stocks	19	895	555	-	-
Debtors	20	4,421	4,768	2	9
Cash at bank and in hand		5,045	4,086	62	8
		<u>10,361</u>	<u>9,409</u>	<u>64</u>	<u>17</u>
<b>Creditors: amounts falling due within one year</b>	21	(6,546)	(5,817)	(148)	(313)
<b>Net current assets/(liabilities)</b>		<u>3,815</u>	<u>3,592</u>	<u>(84)</u>	<u>(296)</u>
<b>Total assets less current liabilities</b>		<u>6,824</u>	<u>6,629</u>	<u>2,268</u>	<u>2,170</u>
<b>Creditors: amounts falling due after more than one year</b>	22	(600)	(836)	(58)	(44)
<b>Provisions for liabilities</b>					
Provisions	24	(90)	(185)	-	-
Deferred tax liability	25	(192)	(207)	(1)	(25)
		<u>(282)</u>	<u>(392)</u>	<u>(1)</u>	<u>(25)</u>
<b>Net assets</b>		<u>5,942</u>	<u>5,401</u>	<u>2,209</u>	<u>2,101</u>



# CYGNET GROUP LIMITED

## GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 30 MARCH 2023

	Notes	Group 2023 £000's	2022 £000's	Company 2023 £000's	2022 £000's
<b>Capital and reserves</b>					
Called up share capital	27	1	1	1	1
Share premium account		504	504	504	504
Profit and loss reserves		4,694	4,575	1,704	1,596
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Equity attributable to owners of the parent company</b>		5,199	5,080	2,209	2,101
<b>Non-controlling interests</b>		743	321	-	-
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		5,942	5,401	2,209	2,101
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £270,000 (2022 - £3,000 loss).

The financial statements were approved by the board of directors and authorised for issue on 21 November 2023 and are signed on its behalf by:

  
M J Kimpton-Smith  
Director

Company Registration No. 05870526

## CYGNET GROUP LIMITED

### GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 MARCH 2023

	Notes	Share capital £000's	Share premium account £000's	Profit and loss reserves £000's	Total controlling interest £000's	Non- controlling interest £000's	Total £000's
<b>Balance at 1 April 2021</b>		1	504	3,805	4,310	190	4,500
<b>Year ended 31 March 2022:</b>							
Profit for the year		-	-	985	985	131	1,116
Other comprehensive income:							
Currency translation differences		-	-	(38)	(38)	-	(38)
Total comprehensive income for the year		-	-	947	947	131	1,078
Dividends	11	-	-	(177)	(177)	-	(177)
<b>Balance at 31 March 2022</b>		1	504	4,575	5,080	321	5,401
<b>Year ended 30 March 2023:</b>							
Profit for the year		-	-	164	164	422	586
Other comprehensive income:							
Currency translation differences		-	-	117	117	-	117
Total comprehensive income for the year		-	-	281	281	422	703
Dividends	11	-	-	(162)	(162)	-	(162)
<b>Balance at 30 March 2023</b>		1	504	4,694	5,199	743	5,942

# CYGNET GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 MARCH 2023

	Notes	Share capital £000's	Share premium account £000's	Profit and loss reserves £000's	Total £000's
<b>Balance at 1 April 2021</b>		1	504	1,767	2,272
<b>Year ended 31 March 2022:</b>					
Loss and total comprehensive income for the year		-	-	(3)	(3)
Dividends	11	-	-	(168)	(168)
<b>Balance at 31 March 2022</b>		1	504	1,596	2,101
<b>Year ended 30 March 2023:</b>					
Profit and total comprehensive income for the year		-	-	270	270
Dividends	11	-	-	(162)	(162)
<b>Balance at 30 March 2023</b>		1	504	1,704	2,209

# CYGNET GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 MARCH 2023

	Notes	2023 £000's	2022 £000's
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	1,541	1,463
Interest paid		(82)	(47)
Income taxes (paid)/refunded		(151)	231
<b>Net cash inflow from operating activities</b>		<b>1,308</b>	<b>1,647</b>
<b>Investing activities</b>			
Purchase of intangible assets		-	(27)
Purchase of tangible fixed assets		(508)	(426)
Proceeds on disposal of tangible fixed assets		12	8
Interest received		3	14
<b>Net cash used in investing activities</b>		<b>(493)</b>	<b>(431)</b>
<b>Financing activities</b>			
Repayment of loan notes		(90)	-
Repayment of borrowings		-	(210)
Proceeds of new bank loans		697	335
Repayment of bank loans		(301)	(86)
Dividends paid to equity shareholders		(162)	(168)
Dividends paid to non-controlling interests		-	(8)
<b>Net cash generated from/(used in) financing activities</b>		<b>144</b>	<b>(137)</b>
<b>Net increase in cash and cash equivalents</b>		<b>959</b>	<b>1,079</b>
Cash and cash equivalents at beginning of year		4,086	3,007
<b>Cash and cash equivalents at end of year</b>		<b>5,045</b>	<b>4,086</b>

# **CYGNET GROUP LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 MARCH 2023**

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#### **1 Accounting policies**

##### **Company information**

Cygnnet Group Limited ('the Company') is a private company limited by shares and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is included on page 1.

The Group consists of Cygnnet Group Limited and all of its subsidiaries.

The Group's and the Company's principal activities are included in the Strategic Report.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The consolidated financial statements are presented in sterling which is also the functional currency of the Company and the Group.

As permitted by the reduced disclosure regime within FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements.

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income, and
- Section 33 Related Party Disclosures' - Compensation for key management personnel.

# **CYGNET GROUP LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 MARCH 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.2 Basis of consolidation**

The consolidated financial statements incorporate those of Cygnet Group Limited and all of its subsidiaries (i.e., entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

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#### 1 Accounting policies

(Continued)

##### 1.3 Going concern

In considering the appropriateness of the going concern basis of preparation, the Directors have considered current trading performance, the availability of bank facilities and forecasts for the next twelve months from the date of signing the 2023 financial statements.

The Company has a cross guarantee and debenture agreement relating to any monies owing to Barclays PLC by other Group undertakings.

The global pandemic known as 'COVID-19' took effect at the start of 2020, impacting all aspects of the global economy. The effect on the Group's business included reduced customer demand, surplus capacity in production and disrupted supply chain. The executive management team took prompt action to address the negative impact of COVID-19 on the business by furloughing staff, arranging remote working and social distance at work measures, obtaining additional funding lines, as well as managing and mitigating consequent risks to customer and supply chain delivery. The Group has been agile in adapting to, and meeting the challenges of, the travel restrictions imposed upon the business and its customers, whilst continuing to deliver on projects in progress. The scenarios under which forecasts have been stress-tested have, however, taken a prudent review of the easing of these restrictions, in arriving at the overall conclusion on going concern. The Directors believe the Company and Group are now securely positioned to navigate through these uncertain times as cash is managed across the Group as necessary.

A £1,250,000 CBIL (Coronavirus Business Interruption Loan) was secured from Barclays PLC on 24 April 2020 to Cygnet Texkimp Limited. The loan is repayable over 6 years at an interest rate of 3.29% with an interest and repayment holiday for the first 12 months. Debt cover covenants will come into force on this loan from December 2021 onwards.

To address the rising energy prices, the Company signed a fixed term contract until 30 May 2024 to mitigate the impact.

The Latest Trading forecasts indicates that the Company will continue to operate as a going concern for the foreseeable future. The latest forecasts are based on only secured orders and some prudent assumptions built in for delays in travel due to the pandemic. Additionally, there are a number of sizeable projects which could materialise that have not been included in the prudent forecast used as well as some new projects already won. To support the cash position, if required, we have the facilities, noted above, plus the availability of working capital funding through UK Export Finance (UKEF). After making detailed enquires and completing robust scenario-based forecasting, the Directors have formed a judgement, at the time of approving the financial statements, that there is a strong expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements of both the Group and the Company.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 MARCH 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.4 Turnover**

Turnover arises from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts. Turnover from the sale of goods and services is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer or the service has been discharged, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Contract turnover reflects the contract activity during the period and is measured at the fair value of consideration received or receivable.

##### **Long-term contracts**

Long-term contracts are assessed on a contract-by-contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as 'amounts recoverable on contracts' and included in debtors; to the extent that payments on account exceed relevant turnover and long-term contract balances, the excess is included as a creditor. The amount of long-term contracts, at cost net of amounts transferred to costs of sales, less provision for foreseeable losses and payments on account not matched with turnover, is included within stock.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately. When the outcome of a long-term contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as incurred.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **1.5 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### **1.6 Intangible fixed assets - goodwill**

Goodwill is capitalised as an intangible asset and written off evenly over 20 years as in the opinion of the Directors, this represents the period over which the goodwill is expected to give rise to economic benefits. Provision is made for any impairment.

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit.



# **CYGNET GROUP LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 MARCH 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.7 Intangible fixed assets other than goodwill**

##### **Patents and licences**

Patent and licences are initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible fixed assets are amortised to profit or loss on a straight line basis over their useful lives of 20 years as that is considered to be the period over which economic benefit will be obtained.

##### **Research and development**

The Group capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

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

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development expenditure is amortised on a straight-line basis over its useful life, which is between 3 and 5 years. The Directors consider these useful lives to be appropriate because that is the period over which economic benefit is anticipated. Amortisation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Amortisation in respect of development costs recognised in profit or loss for the year is recognised within administrative expenses.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

##### **Assets under construction**

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

#### 1 Accounting policies

(Continued)

##### 1.8 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, excluding freehold and long leasehold land and capital work in progress, at rates calculated to write off the cost, less estimated residual value, of each asset as follows:

Residual value is calculated using prices prevailing at the reporting date, after estimated cost of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Freehold land and buildings	Varying between 1% and 2% per annum
Plant and equipment	Varying between 15% and 33% on a straight-line basis per annum
Fixtures and fittings	Varying between 15% and 33% on a straight-line basis per annum
Motor vehicles	25% on a reduce balance basis per annum

##### 1.9 Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in the profit or loss.

##### 1.10 Fixed asset investments

In the separate accounts of the Company, Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date.

##### 1.11 Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

---

#### 1 Accounting policies

(Continued)

Any impairment loss recognised for goodwill is not reversed. For fixed asset other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

##### 1.12 Stocks

Stock and work in progress are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Estimated selling price less costs to complete and sell is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.13 Cash and cash equivalents

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

##### 1.14 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **Trade, Group and other debtors**

Trade, Group and other debtors, which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 MARCH 2023**

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### **1 Accounting policies**

**(Continued)**

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Classification of financial liabilities***

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities..

#### ***Other financial liabilities***

#### **Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss.

#### **Borrowings**

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and its included in the interest payable and other similar charges.

#### ***Equity instruments***

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

#### ***Own shares***

The fair value for consideration given for shares repurchased by the Group is deducted from equity.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

---

#### 1 Accounting policies

(Continued)

##### ***Trade, Group and other creditors***

Trade, Group and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of the future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

##### ***Derecognition of financial liabilities***

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### 1.15 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

##### ***Current tax***

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

##### ***Deferred tax***

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred income is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

# **CYGNET GROUP LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 MARCH 2023**

---

### **1 Accounting policies**

**(Continued)**

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to equity, when the tax follows the transaction or event it relates to and is also charged or credited to equity. Current tax assets and current tax liabilities and deferred tax assets and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **1.16 Provisions**

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle an obligation.

##### **Warranty obligations**

When turnover is recognised for long-term contracts, a provision is made for the estimated cost of the warranty obligation. The provision is measured based on the probability weighting of all possible outcomes and is included within accruals.

#### **1.17 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense unless those costs are required to be recognised as part of the cost of stock or are capitalised as an intangible fixed asset or a tangible fixed asset.

The Company grants share appreciation rights (cash-settled share-based payments) to certain employees. These are measured at fair value with a corresponding liability which is re-measured to fair value at each reporting date. Changes in fair value are recognised through profit or loss.

#### **1.18 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.19 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

---

#### 1 Accounting policies

(Continued)

##### 1.20 Government grants

Income from government grants is presented within other operating income at the fair value of the asset received or receivable.

The Group recognises grant income when the grant's performance-related conditions are met. A grant that does not impose specified future performance-related conditions on the recipient is recognised in income when the grant proceeds are receivable. A grant that imposes specified future performance conditions on the recipient is recognised in income only when the performance-related conditions are met. Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

##### 1.21 Foreign exchange

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All transaction differences are taken to profit or loss.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the Directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

##### 1.22 Non-controlling interests

Non-controlling interests are held in two principal subsidiaries, Self Energising Coupling Company Limited and SECC Oil and Gas Limited. The Group does not account for the non-controlling interests as the entities have negative retained reserves. As the operating performance of these entities results in positive retained reserves, the Group will account for non-controlling interests.

# **CYGNET GROUP LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 MARCH 2023**

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#### **2 Judgements and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **Critical judgements**

###### ***Share based payments***

In previous years the Group and the Company issued share appreciation rights (SAR) to certain employees that require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise. The vesting conditions of the scheme were not met and all amounts have not been written off and the scheme closed.

###### ***Stage of completion***

In order to assess the recognition of turnover and profits generated on contracts, management consider the stage of completion of the contracts ongoing at the year-end by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of expected total costs. This assessment includes an estimate of expected costs to complete, which includes an element of judgement as projects can change and result in either additional or less costs depending on the outcome of the work performed. Additionally, the technical risk of the project is taken into consideration with projects categorised as red (high technical risk), amber (medium technical risk) and green (low technical risk). Revenue and profit recognition occur earlier on green projects, with revenue and profit recognition being deferred to later stages of the project to some extent for amber projects and to a greater extent for red projects, as higher risk projects often result in additional costs towards the end of the project.

###### ***Stock provision***

In order to assess the carrying value of stock and, therefore, the resulting stock provision, management review the historical level stock provision levels (which are based on the ageing of the stock), levels of stock write-offs over the past 3 years and the general recoverability of stock. These combined, provide a basis for the stock provision estimate. Stock is also reviewed by management on a line-by-line basis to determine whether any additional provisions, which would sit outside of the policy detailed, are required. Any outliers would be provided for specifically irrespective of its age.



# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2023

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Warranty

When turnover is recognised for long-term contracts, a provision is made for the estimated cost of the warranty obligation. The provision is measured based on the probability weighting of all possible outcomes and is included within accruals. The estimated cost for warranty is 0.5 % of the full order value for all live projects and those which have been completed within the last twelve months. Contracts which customers include a twelve-month warranty period after completion of the project. At the end of the twelve-month period the provision is released.

### 3 Turnover and other revenue

	2023 £000's	2022 £000's
<b>Turnover analysed by class of business</b>		
Design and manufacture of engineering solutions for the processing of technical fibres	10,458	14,945
Design and manufacture of couplings and connectors for the oil and gas industry	1,957	1,452
	<u>12,415</u>	<u>16,397</u>
	2023 £000's	2022 £000's
<b>Turnover analysed by geographical market</b>		
United Kingdom	2,235	882
Rest of European Union	1,252	869
Rest of the world	8,928	14,646
	<u>12,415</u>	<u>16,397</u>
	2023 £000's	2022 £000's
<b>Other revenue</b>		
Interest income	3	7
Grants received	511	312
	<u></u>	<u></u>

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

#### 4 Operating profit

	2023 £000's	2022 £000's
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	154	2
Research and development costs	32	13
Government grants	(511)	(312)
Depreciation of owned tangible fixed assets	255	308
(Profit)/loss on disposal of tangible fixed assets	-	19
Amortisation of intangible assets	247	232
Operating lease charges	249	138
	<u>          </u>	<u>          </u>

In the year ended 30 March 2023, the Group received a grant from Innovate UK and the Aerospace Technology Institute as part of a consortium working on the innovation and development of new technologies relevant to the aerospace industry. The grant is unconditional and has been recognised as earned on the Group's progression through our section of the consortium's project.

#### 5 Auditor's remuneration

	2023 £000's	2022 £000's
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	14	11
Audit of the financial statements of the company's subsidiaries	49	40
	<u>          </u>	<u>          </u>
	63	51
	<u>          </u>	<u>          </u>

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

#### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Directors	10	9	4	2
Sales and marketing	7	5	-	-
Operations	50	52	-	-
Other	9	11	-	-
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Total	76	77	4	2
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

Their aggregate remuneration comprised:

	Group 2023 £000's	2022 £000's	Company 2023 £000's	2022 £000's
Wages and salaries	3,863	3,659	-	-
Social security costs	397	375	-	-
Pension costs	173	163	-	-
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
	4,433	4,197	-	-
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

#### 7 Directors' remuneration

	2023 £000's	2022 £000's
Remuneration for qualifying services	515	326
Company pension contributions to defined contribution schemes	42	15
	<u>      </u>	<u>      </u>
	557	341
	<u>      </u>	<u>      </u>

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

#### 7 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £000's	2022 £000's
Remuneration for qualifying services	179	346
Company pension contributions to defined contribution schemes	29	22
	<u>      </u>	<u>      </u>

For the Group, at 30 March 2023, pension contributions are accruing for three Directors under a defined contribution scheme (31 March 2022: four). For the Company, at 30 March 2023, retirement benefits are accruing for no Directors under a defined contribution scheme (31 March 2022: none)

#### 8 Interest receivable and similar income

	2023 £000's	2022 £000's
<b>Interest income</b>		
Interest on bank deposits	3	7
	<u>      </u>	<u>      </u>

#### 9 Interest payable and similar expenses

	2023 £000's	2022 £000's
Interest on bank overdrafts and loans	56	47
Other interest	26	-
	<u>      </u>	<u>      </u>
Total finance costs	82	47
	<u>      </u>	<u>      </u>

#### 10 Taxation

	2023 £000's	2022 £000's
<b>Current tax</b>		
UK corporation tax on profits for the current period	(110)	56
Adjustments in respect of prior periods	(50)	(61)
	<u>      </u>	<u>      </u>
Total current tax	(160)	(5)
	<u>      </u>	<u>      </u>

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2023

### 10 Taxation

(Continued)

	2023 £000's	2022 £000's
<b>Deferred tax</b>		
Origination and reversal of timing differences	(15)	9
Changes in tax rates	-	48
Adjustment in respect of prior periods	-	(2)
	<u>(15)</u>	<u>55</u>
Total deferred tax	<u>(15)</u>	<u>55</u>
	<u>(175)</u>	<u>50</u>
Total tax (credit)/charge	<u>(175)</u>	<u>50</u>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £000's	2022 £000's
Profit before taxation	<u>411</u>	<u>1,166</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	78	222
Tax effect of expenses that are not deductible in determining taxable profit	(2)	32
Gains not taxable	-	(35)
Adjustments in respect of prior years	(50)	(63)
Depreciation on assets not qualifying for tax allowances	(20)	-
Research and development tax credit	(121)	-
Other non-reversing timing differences	-	14
Other permanent differences	-	9
Deferred tax adjustments in respect of prior years	(82)	36
Fixed asset differences	(3)	-
Additional deduction for research and development expenditure	43	(128)
Patent box additional deduction	(14)	-
Variance	(6)	-
Group income	2	(30)
Overseas losses which cannot be utilised in the group	-	(7)
	<u>(175)</u>	<u>50</u>
Taxation (credit)/charge	<u>(175)</u>	<u>50</u>

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

#### 11 Dividends

	2023 £000's	2022 £000's
Recognised as distributions to equity holders:		
Final paid	162	168

#### 12 Intangible fixed assets

Group	Goodwill £000's	Negative goodwill £000's	Patents and licenses £000's	Total £000's
<b>Cost</b>				
At 1 April 2022	435	(652)	1,312	1,095
Disposals	-	-	(150)	(150)
At 30 March 2023	435	(652)	1,162	945
<b>Amortisation and impairment</b>				
At 1 April 2022	306	(652)	833	487
Amortisation charged for the year	22	-	225	247
Disposals	-	-	(128)	(128)
At 30 March 2023	328	(652)	930	606
<b>Carrying amount</b>				
At 30 March 2023	107	-	232	339
At 31 March 2022	129	-	479	608

The company had no intangible fixed assets at 30 March 2023 or 31 March 2022.

Amortisation in respect of development costs recognised in profit or loss for the year is recognised within administrative expenses.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2023

### 13 Tangible fixed assets

Group	Freehold land and buildings £000's	Assets under construction £000's	Plant and equipment £000's	Fixtures and fittings £000's	Total £000's
<b>Cost</b>					
At 1 April 2022	1,756	350	1,503	415	4,024
Additions	-	398	52	58	508
Disposals	-	(6)	(31)	6	(31)
At 30 March 2023	1,756	742	1,524	479	4,501
<b>Depreciation and impairment</b>					
At 1 April 2022	419	-	1,180	336	1,935
Depreciation charged in the year	86	-	135	34	255
Eliminated in respect of disposals	-	-	(19)	-	(19)
At 30 March 2023	505	-	1,296	370	2,171
<b>Carrying amount</b>					
At 30 March 2023	1,251	742	228	109	2,330
At 31 March 2022	1,337	350	348	79	2,089
<b>Company</b>		<b>Freehold land and buildings £000's</b>	<b>Plant and equipment £000's</b>	<b>Fixtures and fittings £000's</b>	<b>Total £000's</b>
<b>Cost</b>					
At 1 April 2022 and 30 March 2023		1,520	188	8	1,716
<b>Depreciation and impairment</b>					
At 1 April 2022		184	114	8	306
Depreciation charged in the year		86	28	-	114
At 30 March 2023		270	142	8	420
<b>Carrying amount</b>					
At 30 March 2023		1,250	46	-	1,296
At 31 March 2022		1,336	74	-	1,410

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2023

### 13 Tangible fixed assets

(Continued)

Included in cost of freehold land and buildings for the Group is freehold land of £nil (2022: £nil) which is not depreciated.

Included within the net book value of £2,392,000 for the Group is £nil (2022: £nil) relating to assets held under hire purchase agreements.

Included within the net book value of £1,358,000 for the Company is £nil (2022: £nil) relating to assets held under hire purchase agreements.

### 14 Investment property

	Group 2023 £000's	Company 2023 £000's
<b>Fair value</b>		
At 1 April 2022 and 30 March 2023	340	340

The investment property is a single storey main office with warehouse extension, separate small office and car parking. The property is leased by charity until 21st October 2023 with an annual rent rate of £1. The valuation was determined by the Directors based on recent offers made to the Group for the purchase of the property.

### 15 Fixed asset investments

	Group 2023 £000's	2022 £000's	Company 2023 £000's	2022 £000's
Unlisted investments	-	-	716	716

Details of investments of the Company in its principal subsidiary undertakings at 30 March 2023 are given in the note below.



# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2023

### 15 Fixed asset investments (Continued)

Movements in fixed asset investments	Investments
Company	£000's
<b>Cost or valuation</b>	
At 1 April 2022 and 30 March 2023	716
<b>Carrying amount</b>	
At 30 March 2023	716
At 31 March 2022	716

### 16 Subsidiaries

Details of the company's subsidiaries at 30 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Cygnat Texkimp Limited	Great Britain	Ordinary	94.94
Cygnat Property Limited	Great Britain	Ordinary	100.00
Cygnat USA Inc	USA	Ordinary	100.00
Self Energising Coupling Company Limited (i)	Great Britain	Ordinary	65.00
SECC Oil and Gas Limited	Great Britain	Ordinary	65.00
Texkimp Limited	Great Britain	Ordinary	100.00

(i) 100% owned by Self-energising Coupling Company Limited

The registered office of all subsidiary undertakings incorporated in Great Britain is Swan House, Kimpton Drive, Off Wincham Lane, Wincham, Northwich, Cheshire, CW9 6GG.

The registered office of Cygnat USA Inc is 201 Smythe Street, Apartment 236, Greenville, South Carolina, 29611-6347.

### 17 Long term contracts

The Group is due a gross amount of £1,110,000 (2022: £3,193,000) from contract customers.

The Group owes a gross amount of £1,619,000 (2022: £970,000) to contract customers.

The contract turnover recognised during the year is £10,207,000 (2022: £14,227,000).

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 MARCH 2023**

### 18 Financial instruments

#### Foreign exchange forward contracts

5% of Group turnover relates to transactions conducted in Euros (2022: 6%) and 49% relates to transactions conducted in US Dollars (2022: 16%). As a consequence, the Group uses foreign currency forward contracts to manage the foreign change risk of future transactions and cashflows.

The contracts are valued based on available market data. The Group does not adopt hedge accounting for forward exchange contracts, consequently, fair value gains and losses are recognised in profit or loss.

### 19 Stocks

	Group 2023 £000's	2022 £000's	Company 2023 £000's	2022 £000's
Raw materials and consumables	248	237	-	-
Work in progress	647	318	-	-
	<u>895</u>	<u>555</u>	<u>-</u>	<u>-</u>

During the year, a reversal of earlier stock write-downs of £26,000 (2022: £24,000) was recognised within cost of sales.

### 20 Debtors

	Group 2023 £000's	2022 £000's	Company 2023 £000's	2022 £000's
Amounts falling due within one year:				
Trade debtors	2,133	763	-	-
Gross amounts owed by contract customers	1,110	3,193	-	-
Corporation tax recoverable	235	-	-	-
Other debtors	127	361	-	7
Prepayments and accrued income	816	451	2	2
	<u>4,421</u>	<u>4,768</u>	<u>2</u>	<u>9</u>

Trade debtors are stated net of a provision of £nil (2022: £19,000). A bad debt credit of £nil was charged in the year (2022: £nil) due to the classification of irrecoverable debts mainly within the Cygnet Texkimp business.

Amounts owed by Group undertakings are unsecured and repayable on demand. No interest is charged on trading balances. Interest is charged at 4.20% (2022: 3.80%) on short-term loans.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2023

### 21 Creditors: amounts falling due within one year

		Group		Company	
	Notes	2023	2022	2023	2022
		£000's	£000's	£000's	£000's
Bank loans	23	1,206	663	-	79
Payments received on account		1,619	970	-	-
Trade creditors		1,075	1,060	6	23
Amounts owed to group undertakings		78	-	108	159
Corporation tax payable		(2)	8	-	-
Other taxation and social security		143	-	-	-
Other creditors		197	38	-	-
Accruals and deferred income		2,230	3,078	34	52
		<u>6,546</u>	<u>5,817</u>	<u>148</u>	<u>313</u>

Amounts owed to Group undertakings are unsecured and repayable on demand. No interest is charged on trading balances. Interest is charged at 4.20% (2022: 3.80%) on short-term loans.

### 22 Creditors: amounts falling due after more than one year

		Group		Company	
	Notes	2023	2022	2023	2022
		£000's	£000's	£000's	£000's
Bank loans and overdrafts	23	600	836	58	44
		<u>600</u>	<u>836</u>	<u>58</u>	<u>44</u>

### 23 Loans and overdrafts

		Group		Company	
		2023	2022	2023	2022
		£000's	£000's	£000's	£000's
Bank loans		1,806	1,499	58	123
		<u>1,806</u>	<u>1,499</u>	<u>58</u>	<u>123</u>
Payable within one year		1,206	663	-	79
Payable after one year		600	836	58	44
		<u>600</u>	<u>836</u>	<u>58</u>	<u>44</u>

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

#### 23 Loans and overdrafts

(Continued)

##### Bank Loans

On 24 April 2020, a £1,250,000 CBIL (Coronavirus Business Interruption Loan) was secured from Barclays PLC to Cygnet Texkimp Limited. The loan is repayable over 6 years at an interest rate of 3.29% with an interest and repayment holiday for the first 12 months.

Barclays PLC holds a fixed and floating charge over all the Group's assets in respect of any monies due to them. At 30 March 2023, there were £2,600,000 of debt facilities (of which £1,034,255 was undrawn) with no associated financial covenants. Management accounts must be submitted to Barclays PLC 45 days after each month end.

##### Loan notes

The acquisition of Texkimp Limited (formerly Texkimp (UK) Limited) was partly settled by the creation of £385,000 non-interest bearing loan notes in Cygnet Group Limited. £58,000 of these remain outstanding at 30 March 2023.

#### 24 Provisions for liabilities

	Group 2023 £000's	2022 £000's	Company 2023 £000's	2022 £000's
Warranty	90	185	-	-

Movements on provisions:

Group	Warranty £000's
At 1 April 2022	185
Additional provisions in the year	92
Utilisation of provision	(131)
Other movements	(56)
At 30 March 2023	90

A provision of £90,000 (2022: £185,000) has been recognised for expected warranty claims on goods sold during the last two years.

The warranty provision represents the Company's liability in respect of 12-month warranties granted on projects. The amount provided represents management's best estimate of the future cash outflows in respect of those products still within the warranty period at the year end.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MARCH 2023

### 25 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2023 £000's	Liabilities 2022 £000's
<b>Group</b>		
Accelerated capital allowances	192	207
	=====	=====
	Liabilities 2023 £000's	Liabilities 2022 £000's
<b>Company</b>		
Accelerated capital allowances	1	25
	=====	=====
	Group 2023 £000's	Company 2023 £000's
<b>Movements in the year:</b>		
Liability at 1 April 2022	207	25
Credit to profit or loss	(15)	(24)
	=====	=====
Liability at 30 March 2023	192	1
	=====	=====

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 26 Retirement benefit schemes

	2023 £000's	2022 £000's
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	173	163
	=====	=====

The Group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contribution payable by the Group charged to profit or loss amounted to £173,000 (2022: £163,000). Contributions totalling £1,000 (2022: £26,000) were payable to the fund at the year end and are included in creditors.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 MARCH 2023**

### 27 Share capital

Group and company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£000's	£000's
Issued and fully paid				
Ordinary shares of £1 each	1,283	1,283	1	1

#### *Ordinary share rights*

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

#### *Share based payment reserve*

The cumulative share-based payment expense.

#### *Own shares*

The Company's authority to purchase its own shares is set out in its Articles of Association and approved by the shareholders at the Annual General Meeting.

The maximum number of own shares held during the year was 1,283 having a nominal value of £1 and representing 100% of called up capital.

#### *Share premium*

The nominal value of 95 ordinary £1 shares repurchased and cancelled during the prior period.

#### *Other reserves*

Shares exercised on settlement of EMI scheme.

#### *Profit and loss account*

Cumulative profit and loss net distribution to owners.

# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

#### 28 Financial commitments, guarantees and contingent liabilities

The company has a cross guarantee and debenture agreement relating to any monies owing to Barclays PLC by other Group undertakings. At 30 March 2023 there was a liability with Barclays PLC across the Group of £791,667 (2022: £1,041,667).

At 30 March 2023, the Group had access to a debt facility of £2,600,000 (2022: £2,600,000) of which £1,034,255 (2022: £1,858,992) was undrawn. At 30 March 2023, £609,812 (2022: £407,319) was attributable to bank guarantees.

#### Contingent Liabilities

The company entered into an agreement with Bruntwood AV Limited with regards to the rental of Booths Park, Knutsford for then subsidiary Perpetual Engineering Partnerships Limited. On the sale of this subsidiary on 22nd May 2019, the lease was assigned to Perpetual Engineering Partnerships Limited, with its new parent company acting as guarantor. Cygnet Group Limited remains a guarantor in the event that both Perpetual Engineering Partnerships and its new parent company are unable to fulfil the rental obligations. We believe the chance of such a claim on Cygnet Group Limited to be remote as a result of other cross guarantees in place with Perpetual Engineering Partnerships Limited's new owner.

In the event that Cygnet Group Limited would have to pay outstanding rentals this could total £775,000 over an 8-year period. We believe the likelihood of this to be extremely remote and therefore no provision for contingent liabilities has been made in these accounts.

#### 29 Operating lease commitments

##### **Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Within one year	252	131	-	-
Between two and five years	906	450	-	-
In over five years	1,509	794	-	-
	<u>2,667</u>	<u>1,375</u>	<u>-</u>	<u>-</u>

# **CYGNET GROUP LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 MARCH 2023**

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#### **30 Related party transactions**

##### **Transactions with related parties**

M J Kimpton-Smith is a beneficiary of the Premier Trust pension scheme. Rent of £107,000 (2022: £107,000) was paid to the Premier Trust pension scheme during the period.

During the financial year the Group declared dividends to M J Kimpton-Smith and S Kimpton-Smith of £162,000 (2022: £168,000), M J Kimpton-Smith). At 30 March 2023 the outstanding balance on dividends was £Nil (2022: £Nil).

K Harrison is a connected person. During the year to 31 March 2018 Cygnet Group Limited acquired Texkimp Limited (formerly Texkimp (UK) Limited). In return for her shares in Texkimp Limited, Cygnet Group Limited issued £207,000 to K Harrison in the form of loan notes. At 30 March 2023 the outstanding balance on the loan notes was £58,000 (2022: £107,000).

J E Smith, C P Smith and MJ Kimpton-Smith are trustees and MJ Kimpton-Smith is a beneficiary of the Smith Family Trust. During the year to 31 March 2018, Cygnet Group Limited acquired Texkimp Limited (formerly Texkimp (UK) Limited). In return for the shares in Texkimp Limited owned by the Smith Family Trust, Cygnet Group Limited issued £178,000 in the form of loan notes. At 30 March 2023 the outstanding balance on the loan notes was £Nil (2022: £40,000).

##### **Company**

The Company is exempt from disclosing transactions with its 100% subsidiaries. However, it is required to disclose those transactions which are material either to itself or to those related parties which are not 100% subsidiaries.

During the year ended 31 March 2023, the expenses charged to the Group companies were £156,000 (2022: £95,000), the interest charged to the Group companies was £2,000 (2022: £2,000) and the expenses charged by the Group companies were £19,000 (2022: £25,000).

As at the 31 March 2023, the amounts owed by the Group companies were £Nil (2022: £10,000) and the amounts owned to Group companies were £108,000 (2022: £164,000).

#### **31 Controlling party**

Cygnet Group Limited is the ultimate parent company of the Group and therefore the smallest and largest group for which consolidated accounts for the Company are prepared. Its address is listed on page 1.

By virtue of their combined controlling interest in the Company, the Company considers Matthew Kimpton-Smith and Samantha Kimpton-Smith to be the ultimate controlling party.



# CYGNET GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MARCH 2023

#### 32 Cash generated from group operations

	2023 £000's	2022 £000's
Profit for the year after tax	586	1,117
<b>Adjustments for:</b>		
Taxation credited	(175)	-
Finance costs	82	47
Investment income	(3)	(7)
Loss on disposal of tangible fixed assets	22	19
Amortisation and impairment of intangible assets	247	232
Depreciation and impairment of tangible fixed assets	255	289
Foreign exchange gains on cash equivalents	117	(38)
(Decrease)/Increase in provisions	(29)	76
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(340)	201
Decrease/(increase) in debtors	581	(1,325)
Increase in creditors	198	852
<b>Cash generated from operations</b>	<b>1,541</b>	<b>1,463</b>

#### 33 Analysis of changes in net funds - group

	1 April 2022 £000's	Cash flows £000's	30 March 2023 £000's
Cash at bank and in hand	4,086	959	5,045
Borrowings excluding overdrafts	(1,499)	(307)	(1,806)
	<u>2,587</u>	<u>652</u>	<u>3,239</u>