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C.B Technology Ltd

Annual Report and Financial Statements

Year Ended

31 March 2022

Company Number SC226910



C.B Technology Ltd

Company Information

| | |
|----------------------------|---|
| Directors | John Cameron Laurence Ormerod W. L. Graham Scott Alan Robertson |
| Company secretary | Burness Paull LLP |
| Registered number | SC226910 |
| Registered office | 9 Cochrane Square Brucefield Industrial Estate Livingston West Lothian EH54 9DR |
| Independent auditor | BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX |
| Bankers | The Royal Bank of Scotland 4 Almondvale South Livingston EH54 6NB |
| Solicitors | Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ |

C.B Technology Ltd

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C.B Technology Ltd

Strategic Report For the Year Ended 31 March 2022

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2022.

Business review

The company operates as a leading supplier of high reliability electronic manufacturing services to market leading companies across a range of different sectors.

The directors monitor the performance of the business using a variety of both financial and non-financial metrics.

Non-financial metrics include both Quality and On-Time-Delivery metrics. The directors have a policy to ensure that they deliver the highest quality of product to its customers on time, every time. It has had ISO9001 for 15 years and has a culture of continuous improvements.

The year started strongly compared with the previous year and grew from there with increased activity during the year from all its customers, resulting in the company returning to pre-Covid trading levels and a strong order book providing good visibility of demand into the forthcoming financial year.

C.B Technology Ltd

Strategic Report (continued) For the Year Ended 31 March 2022

Principal risks and uncertainties

Supply chain

The supply chain for electronic components is challenging and this is expected to continue past 2022. In order to mitigate as much risk as possible, the directors have implemented a strategy to secure material ahead of when required, and work with customers to ensure they are placing orders as early as possible to allow us to continue to secure material timeously. We actively encourage our customers to place orders early to allow us to secure material within the now extended lead-times we are seeing in the market. For the most part our customers are supporting these requests and our suppliers are working with us to ensure we secure the material we need on the due dates.

COVID-19

We recognise that COVID-19 remains a risk to the operations of many businesses, however the successful rollout of the vaccine in the UK has reduced the risk of disruptions to operations that were present previously. The risks from COVID-19, relate primarily to the supply of components, which have not yet normalised to pre-Covid levels.

Competitive risks

The Electronic Manufacturing sector remains highly competitive. Our pro-active engagement with our customers and innovative and flexible approach means that we are well positioned to compete and win against our competition by offering a high quality, flexible service to customers at competitive prices that meets the needs of our customers.

Liquidity risks, cash flow and foreign exchange risks

The group actively monitors and manages its liquidity and cash position to ensure it has sufficient cash to fund its activities. It sells to some customers in US dollars and purchases some of its material in US dollars which gives it a partial natural hedge against currency movements.

Ukraine

On 24th February 2022 Russia invaded Ukraine, following years of escalation in the region. CB Technology does not deal directly with any Russian or Ukrainian entity and so the immediate impact on CB Technology's trade is negligible. The directors will continue to monitor developments to determine if there is any impact on the supply chain, but currently the directors are not aware of any impact to the business.

Inflation

The impact of rising costs, primarily driven by higher energy costs as a result of Russia's invasion of Ukraine, are being constantly monitored by the business. The business looks to minimise such impacts by securing long term fixed price energy contracts, working with its customers to secure longer order book and placing orders for material timeously in order to secure pricing.

C.B Technology Ltd

Strategic Report (continued) For the Year Ended 31 March 2022

Financial key performance indicators

Non-financial KPI's

Non-financial metrics include both Quality and On-Time-Delivery metrics. The directors have a policy to ensure that they deliver the highest quality of product to its customers on time, every time. In the year to 31 March 2022 the business continued to meet its On Time Delivery and quality targets. These targets are set in conjunction with the customer, and the company and its customers see these as important measurements that provides them with certainty and confidence in our performance. The company has had ISO9001 for 15 years and has a culture of continuous improvements.

Financial KPI's

During the year ended 31 March 2022, the company's revenue increased from £5,958,904 to £10,294,458 and Earnings Before Interest Tax and Depreciation ("EBITDA") increased from a loss of £195,716 to a gain of £859,159. The improvement in the company's performance reflects the renewed confidence in the market from its customers and the successful execution of the order book by the business.

The directors initiated a program during the year to secure raw material stock earlier than required in order to mitigate against the risk of availability of supply and that strategy has been successfully implemented, with shortages being minimised and targets being consistently met.

The company has finished the year with a strong order book, which provides the directors with high confidence that the growth seen over the past year shall continue into the following year. The directors are looking to ensure such growth is delivered efficiently through investments in its people, in the automation of its processes and in upgrading of its IT infrastructure.

This report was approved by the board on 22nd December 2022 and signed on its behalf.



W. L. Graham Scott
Director

C.B Technology Ltd

Directors' Report For the Year Ended 31 March 2022

The directors present their report together with the audited financial statements for the year ended 31 March 2022.

Principal activity

The company's principal activity is the assembly and testing of printed circuit boards.

Going Concern

The directors have assessed, based on current projections, that the company has adequate resources to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements.

The directors have also completed an assessment of the impact of COVID-19 and the cost of living crisis, including scenario forecasting and stress testing. The directors have produced forecasts, considering the current orderbook, projected new orders and company commitments. The potential for further disruption to operations from COVID-19 has also been considered, although the potential impact to operations is considered to be much reduced due to the successful roll-out of the vaccine and the Government's focus on avoiding further lockdowns. The company has had a strong cash position at the year end and this is still the case. The company has other facilities available if required, albeit forecast to be surplus to requirements. Bank loans are not repayable until March 2024 and January 2027 respectively. In addition, it has a long-term loan from its funders, which the company's funders have confirmed will not be repayable for at least 12 months from the signing of these financial statements. There is of course a credit risk associated with the company's debtor book but the directors continue to monitor this closely.

Thus the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

Results and dividends

The profit for the year, after taxation, amounted to £576,432 (2021 - loss £324,271).

For the year ended 31 March 2022 the company declared and paid no dividends (2021 - £Nil).

Directors

The directors who served during the year were:

John Cameron
Laurence Ormerod
W. L. Graham Scott
Alan Robertson

C.B Technology Ltd

Directors' Report (continued) For the Year Ended 31 March 2022

Financial risk management objectives and policies

The company's financial risks, are described in more detail below.

- **Currency risk**

The company is exposed to foreign exchange risk. The company's policy is to minimise the use of complex financial instruments and foreign exchange is not hedged. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit or loss. The overall impact of foreign exchange is not material to the company.

- **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the company. Currently the company makes use of hire purchase and finance leases where possible.

- **Interest rate risk**

The principal interest rate risk is on the external loan funding. As the majority of the company's financing is in the form of loan notes with a fixed interest rate the variable debt servicing costs are relatively low. Interest rate risk will be considered in financial planning scenarios but does not represent a material risk in all but the most extreme of scenarios.

- **Credit risk**

The principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Future developments

As noted in the strategic report, despite the challenges of the past year the company enters the new year in a healthy position, with strong cash balances, and a significant increase in activity levels which is reflected in its record order book. It already has several capital expenditure projects planned for the new year, and this investment in both new equipment and its continued investment in its employees will ensure that the company is well positioned to best service its customers.

Matters covered in the strategic report

Required disclosures in relation to the company's business review, principal risks and uncertainties, financial key performance indicators and other key performance indicators have been included within the strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

C.B Technology Ltd

Directors' Report (continued) For the Year Ended 31 March 2022

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22nd December 2022 and signed on its behalf.



W. L. Graham Scott
Director

C.B Technology Ltd

Directors' Responsibilities Statement For the Year Ended 31 March 2022

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standard 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

C.B Technology Ltd

Independent Auditor's Report to the Members of C.B Technology Ltd.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of C.B Technology Ltd ("the company") for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

C.B Technology Ltd

Independent Auditor's Report to the Members of C.B Technology Ltd. (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

Other Companies Act 2006 reporting

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.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

C.B Technology Ltd

Independent Auditor's Report to the Members of C.B Technology Ltd. (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk were then tested substantively;
- discussions with management and those charged with governance, including consideration of known or suspected, instances of non-compliance with laws and regulations and fraud. Challenging assumptions made by management in their accounting estimates;
- reading minutes of meetings of those charged with governance; reviewing correspondence from legal advisors to identify indications of non-compliance with laws and regulations;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice);
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- addressing the risk of fraud through revenue recognition by substantively testing the area;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 March 2022; and carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements; and

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

C.B Technology Ltd

Independent Auditor's Report to the Members of C.B Technology Ltd. (continued)

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.

DocuSigned by:



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Mark McCluskey (Senior statutory auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow
United Kingdom

23 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

C.B Technology Ltd

Statement of Comprehensive Income For the Year Ended 31 March 2022

| | Note | 2022 £ | 2021 £ |
|---|------|------------------|------------------|
| Turnover | 4 | 10,294,458 | 5,958,904 |
| Cost of sales | | (8,102,589) | (5,446,055) |
| Gross profit | | 2,191,869 | 512,849 |
| Administrative expenses | | (1,565,812) | (1,321,789) |
| Other operating income | 5 | 17,937 | 414,266 |
| Operating profit/(loss) | 6 | 643,994 | (394,674) |
| Interest receivable and similar income | 10 | - | 21 |
| Interest payable and similar charges | 11 | (35,648) | (23,076) |
| Profit/(loss) before tax | | 608,346 | (417,729) |
| Tax on profit/(loss) | 12 | (31,914) | 93,458 |
| Profit/(loss) for the financial year | | 576,432 | (324,271) |
| Revaluation of freehold property | | 288,800 | 2,720 |
| Deferred tax on revaluation of freehold property | | (72,200) | - |
| Total comprehensive income/(loss) for the year | | 793,032 | (321,551) |

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 15 to 31 form part of these financial statements.

C.B Technology Ltd
Registered number: SC226910

Balance Sheet
As at 31 March 2022

| | Note | 2022 £ | 2022 £ | 2021 £ | 2021 £ |
|---|------|-------------|-------------|-------------|-------------|
| Fixed assets | 13 | | | | |
| Tangible assets | | | 1,328,722 | | 980,752 |
| Current assets | | | | | |
| Stocks | 14 | 2,728,592 | | 1,287,207 | |
| Debtors: amounts falling due within one year | 15 | 4,919,832 | | 3,626,179 | |
| Cash at bank and in hand | 16 | 1,590,808 | | 2,332,480 | |
| | | 9,239,232 | | 7,245,866 | |
| Creditors: amounts falling due within one year | 17 | (3,651,356) | | (1,979,625) | |
| Net current assets | | | 5,587,876 | | 5,266,241 |
| Total assets less current liabilities | | | 6,916,598 | | 6,246,993 |
| Creditors: amounts falling due after more than one year | 18 | | (1,223,540) | | (1,451,081) |
| Provisions for liabilities | | | | | |
| Deferred tax | 21 | | (166,727) | | (62,613) |
| Net assets | | | 5,526,331 | | 4,733,299 |
| Capital and reserves | | | | | |
| Called up share capital | 22 | | 100 | | 100 |
| Revaluation reserve | 23 | | 319,998 | | 103,398 |
| Profit and loss account | 23 | | 5,206,233 | | 4,629,801 |
| Total equity | | | 5,526,331 | | 4,733,299 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
22nd December 2022



W. L. Graham Scott
Director

The notes on pages 15 to 31 form part of these financial statements.

C.B Technology Ltd

Statement of Changes in Equity For the Year Ended 31 March 2022

| | Called up share capital | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 April 2021 | 100 | 103,398 | 4,629,801 | 4,733,299 |
| Comprehensive loss for the year | | | | |
| Profit for the year | - | - | 576,432 | 576,432 |
| Revaluation of freehold property | - | 288,800 | - | 288,800 |
| Deferred tax arising on revaluation of freehold property | - | (72,200) | - | (72,200) |
| Total comprehensive loss for the year | - | 216,600 | 576,432 | 793,032 |
| At 31 March 2022 | 100 | 319,998 | 5,206,233 | 5,526,331 |

Statement of Changes in Equity For the Year Ended 31 March 2021

| | Called up share capital | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 April 2020 | 100 | 106,118 | 4,951,352 | 5,057,570 |
| Comprehensive loss for the year | | | | |
| Loss for the year | - | - | (324,271) | (324,271) |
| Transfer from revaluation reserve | - | (2,720) | 2,720 | - |
| Total comprehensive loss for the year | - | (2,720) | (321,551) | (324,271) |
| At 31 March 2021 | 100 | 103,398 | 4,629,801 | 4,733,299 |

The notes on pages 15 to 31 form part of these financial statements.

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

1. General Information

C.B Technology Ltd is a private company limited by shares and incorporated in Scotland under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company's functional and presentational currency is GBP. The level of rounding applied is to the nearest pound.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of CB Technology Group Limited as at 31 March 2022 and these financial statements may be obtained from Companies House.

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.3 Going concern

The directors have assessed whether the company is a going concern. The directors have produced forecasts, considering the current order book, projected new orders and company commitments. The potential for further disruption to operations as a result of COVID-19 has also been considered, although the potential impact to operations is considered to be much reduced due to the successful roll-out of the vaccine and the Government's focus on avoiding further lockdowns.

The analysis provides a reasonable expectation that the company shall remain profitable and has adequate resources to meet the ongoing costs of the business. As a result, the directors are confident that the company shall continue as a going concern.

Thus the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised on the dispatch of goods. Revenue is recognised when available for dispatch where there is an agreement to bill and hold stock with a customer.

2.5 Grants

Grants relating to tangible fixed assets are treated as deferred income and released to the statement of comprehensive income over the expected useful lives of the assets concerned. Other grants are credited to the statement of comprehensive income as the related expenditure is incurred.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

| | |
|-----------------------|-------|
| Freehold property | - 2% |
| Property improvements | - 20% |
| Plant and machinery | - 20% |
| Fixtures and fittings | - 20% |
| Office equipment | - 25% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Revaluation of tangible fixed assets

Individual freehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.10 Hire purchase

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets. Assets acquired by hire purchase are depreciated over their useful lives, being five years.

The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.12 Financial instruments

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price.

2.14 Foreign currency translation

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 statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.16 Interest Income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.18 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

In preparing the financial statements the directors have identified the following sources of estimation uncertainty and judgements in applying accounting policies:

Fixed assets (see note 13)

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Individual freehold properties are carried at fair value, at the balance sheet date, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Stocks (see note 14)

Stocks are valued at the lower of cost or net realisable. In order to establish an appropriate cost of the stock, the cumulative value of the last purchase price, the cost of duty, commission and shipping are taken into account. These costs are re-assessed on annual basis. Net realisable value is resale price less any further sales costs and discounts.

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

3. Judgements in applying accounting policies (continued)

Debtors recoverability (see note 15)

An estimate is made by the directors of the likelihood of recoverability of trade debtors at the balance sheet date, based up on the age of the debt in question and the payment history/credit rating of the customer. For any balance irrecoverable, provision is made against the debtor. The remaining debtor balance at the year end is not provided for, is therefore considered fully recoverable at 31 March 2022.

4. Turnover

The whole of the turnover is attributable to the assembly, testing and sale of printed circuit boards.

Analysis of turnover by country of destination:

| | 2022 £ | 2021 £ |
|-------------------|-------------------|------------------|
| United Kingdom | 9,071,699 | 5,144,786 |
| Rest of Europe | 139,297 | 89,120 |
| Rest of the world | 1,083,462 | 724,998 |
| | <u>10,294,458</u> | <u>5,958,904</u> |

5. Other operating income

| | 2022 £ | 2021 £ |
|----------------------------|-----------|-----------|
| Government grants received | 17,937 | 414,266 |

Grants received under the CJRS 'furlough' scheme were £Nil (2021 - £366,345). The remainder relates to other grants. For certain other grants, the grant-making body has the right to require repayment of all or part of a grant if the conditions under which it was made have not been complied with. At the balance sheet date the directors were not aware of any conditions that would require repayment of all or part of the grants awarded.

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

| | 2022 £ | 2021 £ |
|---------------------------------------|-----------|-----------|
| Depreciation of tangible fixed assets | 215,165 | 194,958 |
| Defined contribution pension cost | 74,354 | 80,335 |
| Bad debt provision | - | 55,698 |

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

7. Auditor's remuneration

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements | 11,500 | 10,500 |

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

8. Employees

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

| | 2022 £ | 2021 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 2,125,038 | 1,805,135 |
| Social security costs | 177,958 | 187,480 |
| Cost of defined contribution scheme | 74,354 | 80,335 |
| | <u>2,377,350</u> | <u>2,072,950</u> |

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

| | 2022 No. | 2021 No. |
|-----------|-------------|-------------|
| Employees | 55 | 60 |

9. Directors' remuneration

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Directors' emoluments | 311,344 | 242,258 |
| Company contributions to defined contribution pension schemes | 23,835 | 23,140 |
| | <u>335,179</u> | <u>265,398</u> |

During the year retirement benefits were accruing to 3 directors (2021 -3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £150,328 (2021 -£117,501).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,760 (2021 -£11,417).

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

10. Interest receivable

| | 2022 £ | 2021 £ |
|---------------------------|-----------|-----------|
| Other interest receivable | - | 21 |

11. Interest payable and similar charges

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Bank interest payable | 21,894 | 15,380 |
| Finance leases and hire purchase contracts | 13,754 | 7,696 |
| | <u>35,648</u> | <u>23,076</u> |

12. Taxation

| | 2022 £ | 2021 £ |
|---|---------------|-----------------|
| Corporation tax | | |
| Current tax on profit/(loss) for the year | - | 16 |
| Adjustments in respect of previous periods | - | (80,197) |
| Total current tax | <u>-</u> | <u>(80,181)</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 31,914 | (13,277) |
| Total deferred tax | <u>31,914</u> | <u>(13,277)</u> |
| Taxation on profit/(loss) on ordinary activities | <u>31,914</u> | <u>(93,458)</u> |

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 -higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below

| | 2022 £ | 2021 £ |
|--|----------------------|------------------------|
| Profit/(loss) on ordinary activities before tax | <u>608,346</u> | <u>(417,729)</u> |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 -19%) | 115,586 | (79,369) |
| Effects of: | | |
| Capital allowances for year in excess of depreciation | 6,867 | 8,681 |
| Group relief surrendered/(claimed) | (98,610) | - |
| Adjustments to tax charge in respect of prior periods | - | (80,197) |
| Adjustment to closing deferred tax to average rate of 19% | (14,651) | 2,424 |
| Losses carried forward | - | 14,719 |
| Losses carried back | - | 40,284 |
| Expenses not deductible for tax purposes | 36 | - |
| Remeasurement of deferred tax for changes in tax rates | 22,686 | - |
| Total tax charge for the year | <u><u>31,914</u></u> | <u><u>(93,458)</u></u> |

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax liability at the balance sheet date has been calculated using the applicable rate when the liability is expected to be realised.

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

13. Tangible fixed assets

| | Freehold property £ | Property imprvmnts £ | Plant and machinery £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|--------------------------|---------------------------|----------------------------|-----------------------------|-------------------------------|--------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 April 2021 | 610,000 | - | 920,618 | 322,599 | 174,984 | 2,028,201 |
| Additions | - | 61,553 | 202,627 | 1,488 | 8,667 | 274,335 |
| Revaluations | 288,800 | - | - | - | - | 288,800 |
| At 31 March 2022 | 898,800 | 61,553 | 1,123,245 | 324,087 | 183,651 | 2,591,336 |
| Depreciation | | | | | | |
| At 1 April 2021 | 36,600 | - | 673,130 | 200,421 | 137,298 | 1,047,449 |
| Charge for the year | 12,200 | 5,817 | 115,743 | 56,711 | 24,694 | 215,165 |
| At 31 March 2022 | 48,800 | 5,817 | 788,873 | 257,132 | 161,992 | 1,262,614 |
| Net book value | | | | | | |
| At 31 March 2022 | 850,000 | 55,736 | 334,372 | 66,955 | 21,659 | 1,328,722 |
| At 31 March 2021 | 573,400 | - | 247,488 | 122,178 | 37,686 | 980,752 |

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

13. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

| | 2022 £ | 2021 £ |
|-----------------------|----------------|----------------|
| Freehold | 850,000 | 573,400 |
| Property improvements | 55,736 | - |
| | <u>850,000</u> | <u>573,400</u> |

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

| | 2022 £ | 2021 £ |
|---------------------|----------------|----------------|
| Plant and machinery | 283,852 | 183,869 |
| | <u>283,852</u> | <u>183,869</u> |

The freehold property was valued by DM Hall LLP, independent qualified valuers, on 15 September 2022. The valuation was undertaken in accordance with the precise statement in the Royal Institution of Chartered Surveyors manual. In the view of the Directors, the net book value at the balance sheet date is not materially different to the valuation.

The freehold property was valued by DM Hall LLP, independent qualified valuers, on 15 September 2022. The valuation was undertaken in accordance with the precise statement in the Royal Institution of Chartered Surveyors manual. In the view of the directors, the net book value at the balance sheet date is not materially different to the valuation.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

| | 2022 £ | 2021 £ |
|--------------------------|----------------|----------------|
| Cost | 474,013 | 474,013 |
| Accumulated depreciation | (37,922) | (28,442) |
| Net book value | <u>436,091</u> | <u>445,571</u> |

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

14. Stocks

| | 2022 £ | 2021 £ |
|------------------|------------------|------------------|
| Stock | 1,986,522 | 941,781 |
| Work in progress | 742,070 | 345,426 |
| | <u>2,728,592</u> | <u>1,287,207</u> |

15. Debtors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 2,736,772 | 1,231,099 |
| Amounts owed by group undertakings | 2,028,748 | 1,943,913 |
| Other debtors | 41,400 | 79,006 |
| Prepayments and accrued income | 112,912 | 372,161 |
| | <u>4,919,832</u> | <u>3,626,179</u> |

16. Cash and cash equivalents

| | 2022 £ | 2021 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 1,590,808 | 2,332,480 |
| | <u>1,590,808</u> | <u>2,332,480</u> |

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

17. Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Bank loans | 239,667 | 72,997 |
| Other loans | 13,468 | - |
| Trade creditors | 2,532,552 | 957,109 |
| Amounts owed to group undertakings | 91,760 | 91,789 |
| Corporation tax | - | 79,006 |
| Taxation and social security | 134,435 | 474,449 |
| Obligations under finance lease and hire purchase contracts | 121,425 | 108,692 |
| Other creditors | - | 4,027 |
| Accruals and deferred income | 518,049 | 191,556 |
| | <u>3,651,356</u> | <u>1,979,625</u> |

No interest is charged on amounts owed to group undertakings.

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

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Bank loans | 1,044,785 | 1,282,777 |
| Net obligations under finance leases and hire purchase contracts | 178,755 | 168,304 |
| | <u>1,223,540</u> | <u>1,451,081</u> |

The Royal Bank of Scotland (provider of the overdraft and bank loan facilities) hold a floating charge over all the assets of the company and a standard security over 9 Cochrane Square, Livingston, EH54 9DR. Interest on the bank loans is charged at 4.33% per annum and repayments are made monthly until March 2023. A £1,000,000 loan is partially guaranteed by the government. Interest is paid at 3.22% after the first year. The loan is repayable during January 2027.

Maven Capital Partners UK LLP hold a floating charge over all the assets of the company as a result of the loan notes in CB Technology Group Limited, the company's ultimate parent company.

Hire purchases are secured by fixed assets. Interest on the hire purchase debt is charged at a rate ranging from 4.67% to 5.31% per annum and repayments are made monthly until October 2026.

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

19. Loans

Analysis of the maturity of loans is given below:

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Amounts falling due within one year | | |
| Bank loans | 239,667 | 72,997 |
| Other loans | 13,468 | - |
| Amounts falling due 1-2 years | | |
| Bank loans | 284,668 | 237,989 |
| Amounts falling due 2-5 years | | |
| Bank loans | 760,117 | 878,118 |
| Amounts falling due after more than 5 years | | |
| Bank loans | - | 166,670 |
| | <u>-</u> | <u>166,670</u> |
| | <u>1,297,920</u> | <u>1,355,774</u> |

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 2022 £ | 2021 £ |
|-------------------|----------------|----------------|
| Within one year | 121,425 | 108,692 |
| Between 1-5 years | 178,755 | 168,303 |
| | <u>300,180</u> | <u>276,995</u> |

21. Deferred taxation

| | 2022 £ |
|---------------------------------------|-----------------------|
| At beginning of year | 62,613 |
| Charged to profit or loss | (31,914) |
| Charged to other comprehensive income | (72,200) |
| At end of year | <u><u>166,727</u></u> |

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

21. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

| | 2022 £ | 2021 £ |
|--|-------------------|-------------------|
| Accelerated capital allowances | 62,460 | 38,721 |
| Deferred tax on revaluation of freehold property | 104,267 | - |
| | <u> </u> | <u> </u> |

22. Share capital

| | 2022 £ | 2021 £ |
|---------------------------------------|-------------------|-------------------|
| Allotted, called up and fully paid | | |
| 100 ordinary shares shares of £1 each | 100 | 100 |
| | <u> </u> | <u> </u> |

All ordinary shares are prescribed equal voting and dividends rights.

23. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Revaluation reserve

The movement in the revaluation reserve relates to the revaluation of the property in the year.

Profit and loss account

Profit and loss account represents cumulative profits and losses, net of dividends paid and other adjustments.

24. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £74,354 (2021 - £80,335). No contributions (2021 - £Nil) were payable to the fund at the balance sheet date.

C.B Technology Ltd

Notes to the Financial Statements For the Year Ended 31 March 2022

25. Related party transactions

The company has taken advantage of the exemption within FRS 102 not to disclose transactions with either of its wholly owned subsidiaries.

During the year CB Technology Limited incurred expenses of £27,072 (2021 - £23,069) in relation to consultancy services provided by Ormerod Consulting Limited, a company in which a director of CB Technology Limited, has a controlling interest.

26. Ultimate parent and controlling party

The immediate parent company is CB Technology Holdings Limited and the ultimate parent company is CB Technology Group Limited. The registered office of CB Technology Group Limited is 9 Cochrane Square, Brucefield Industrial Estate, Livingston, EH54 9DR.

In the view of the directors' there is no ultimate controlling party.