

REGISTERED NUMBER: 02026808 (England and Wales)

Companies House

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA



**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2021**

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**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021**

DIRECTORS:

Mike Meades
David Stewart

SECRETARY:

Angela Helen Bolton

REGISTERED OFFICE:

Stretton Green Distribution Centre
Langford Way
Warrington
Cheshire
WA4 4TQ

REGISTERED NUMBER:

02026808 (England and Wales)

AUDITORS:

Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

SOLICITORS:

CMS Cameron McKenna LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their strategic report for the year ended 31 March 2021.

REVIEW OF BUSINESS

The principal activities of the company during the year were the supply of computer parts and the provision of logistic services.

The company's overall aim is to increase its turnover and profitability through the growth of its warranty parts supply and reverse logistics business, developing its existing customer base but more importantly by expanding the range of customers using this unique service.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal business risk affecting the company relates to the loss of a major customer as the majority of our trade is with two main customers and the current contract with one of these customers is for 3 years and includes a 6-month disengagement clause the other is a one year contract with one year extension

Due to the impact of Covid-19, the subsequent lockdown across Europe boosted the EMEA PC Market resulting in increasing demand going forward. The directors have assessed the impact of Covid-19 and are confident that any ongoing impact is unlikely to be significant. The business used government Job Retention Scheme as necessary during the first wave of the pandemic to minimise any impact.

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

SECTION 172(1) STATEMENT

This report sets out how the directors comply with the requirement of Section 172 Companies Act 2006 and how these requirements have impacted on the Board's decision making throughout 2021. The key matters that the directors report on when undertaking their duties are:

The likely consequence of any decision in the long term

The company has a long term strategic plan that the directors regularly monitor to ensure its implementation throughout the year using detailed reports on operating and financial performance. The business is operated within tight budgetary guidelines and as part of the regular monitoring looks for external events that may material impact the business and develops mitigations plans to offset any adverse impacts or take advantage of growth opportunities.

The interest of the Company's employees

Our employment strategies are linked to business and have been designed to deliver the growth and development of the company and our people. Our employment policies are designed to provide equal opportunities irrespective of age, disability, ethnicity, gender, gender reassignment, marital status and civil partnership, nationality, pregnancy, and maternity, race, religion and belief and sexual orientation. All employees, whether part-time or full-time, temporary or permanent, are treated fairly and equally. We select employees for employment, promotion, training or other matters affecting their employment on the basis of aptitude and ability. All employees are assisted and encouraged to develop to their full potential so that the combined talents and resources of the team are fully utilised to maximise the efficiency of the organisation.

The company places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The need to foster the Company's business relationships with suppliers, customers and others

Delivery of excellent service to our customers is key to the success of the business in order to retain, grow and acquire new business. We conduct regular client satisfaction surveys and monitor department performance against these surveys. We hold regular client events to enable an open and honest communication between the business and its clients and between clients in order to talk about innovations in the industry and give an opportunity to share ideas about how to minimize costs for our clients and maximise the efficiency of service delivery. The company maintains excellent relationships with all of our suppliers and conduct regular supplier reviews to monitor performance. We operate a partnership model with suppliers in order to encourage efficiencies and innovation that we are able to pass onto our customers in the form of better products, improved service and lower cost.

The impact of the Company's operations on the community and environment

The company supports a specific charitable cause each year that is decided by employees and hold various events throughout the year in order to raise funds.

The desirability of the Company maintaining a reputation for high standards of business conduct

The directors take the reputation of the company seriously which is not limited to only operational and financial performance. The company regularly reviews its Whistleblower and Ethics policy and ensures it remains appropriate as the business develops and grows.

The need to act fairly between members

As the Board of Directors, our intentions are to behave responsibly toward our stakeholders and treat them fairly and equally so they too may benefit from the successful delivery of our plan.

KEY PERFORMANCE INDICATORS

The company's Key Performance Indicators (KPI's) are turnover, gross margin, earnings before tax and customer satisfaction. The turnover increased by 18.1% (2020 - decreased by 7.4%) to \$91,089,111 (2020 - \$77,111,411) and gross margin decreased to 26.1% (2020 - 27.2%). Turnover has increased due to increases in demand related to Covid-19. The profit before tax for the year was \$6,828,237 (2020 - \$4,208,449). Customer satisfaction is measured on a quarterly basis where all customers are surveyed. The average score for the site throughout the year remained above average for all customers at 9 out of 10 (2020 - 9 out of 10).

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

CASH FLOW RISK

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The company uses foreign exchange forward contracts to hedge these exposures.

CREDIT RISK

The company's principal financial assets are bank balances and cash, trade and other receivables.

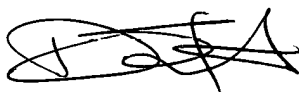
The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

FUTURE DEVELOPMENTS

The directors are monitoring the company's trading prospects and are focused on continued profitability. Continuing efforts will be made to expand our current service offering to existing customers and new customers, together with maintaining net working capital and improving profitability.

ON BEHALF OF THE BOARD:



David Stewart - Director

6 December 2021

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the supply of computer parts and the provision of logistic services.

DIVIDENDS

The total distribution of dividends for the year ended 31 March 2021 will be \$nil (2020 - \$nil).

The profit for the year of \$6,139,441 (2020 - profit of \$4,168,770) has been transferred to reserves.

DIRECTORS

Mike Meades has held office during the whole of the period from 1 April 2020 to the date of this report.

Other changes in directors holding office are as follows:

Stephanie Anne Shaw - resigned 15 March 2021

David Stewart - appointed 15 March 2021

POLITICAL DONATIONS AND EXPENDITURE

Charitable donations of \$18,887 were made in the current year (2020 - \$13,405). No political donations were made in the either year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

AUDITORS

The auditors, Milne Craig, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'David Stewart', with a stylized, cursive script.

David Stewart - Director

6 December 2021

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

Opinion

We have audited the financial statements of Flextronics Global Services (Manchester) Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, 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 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

In connection with our audit of the financial statements, 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page five, 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

Auditors' 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 a Report of the Auditors 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. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and determined that the most significant are those that relate to the form and content of the financial statements such as the accounting policies and the UK Companies Act 2006.

We assessed how the company is complying with these frameworks by observing the oversight of those charged with governance, the culture of honesty and ethical behaviours and a strong emphasis placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by making an assessment of the key fraud risks to the company, and the manner in which such risks may occur in practice, based on our previous knowledge of the company, as well as an assessment of the current business environment.

Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk, including management override of controls. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error. We evaluated the design and operational effectiveness of controls put in place to address the risks identified, or that otherwise prevent, deter and detect fraud.

In addition, our audit procedures included enquiring of management concerning actual and potential litigation and claims, and performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. We addressed the fraud risk in relation to revenue recognition by testing completeness and cut off of income.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

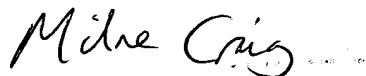
As with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance, and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

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 a Report of the Auditors 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.



Alex Webb BAcc FCCA (Senior Statutory Auditor)
for and on behalf of Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

6 December 2021

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 \$	2020 \$
TURNOVER	3	91,089,111	77,111,411
Cost of sales		(67,307,644)	(56,118,684)
GROSS PROFIT		23,781,467	20,992,727
Distribution costs		(671,354)	(496,900)
Administrative expenses		(16,720,612)	(16,607,528)
		6,389,501	3,888,299
Other operating income		299,420	-
OPERATING PROFIT		6,688,921	3,888,299
Interest payable and similar expenses	5	139,316	320,150
PROFIT BEFORE TAXATION	6	6,828,237	4,208,449
Tax on profit	7	(688,796)	(39,679)
PROFIT FOR THE FINANCIAL YEAR		6,139,441	4,168,770
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,139,441	4,168,770

The notes form part of these financial statements

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED (REGISTERED NUMBER: 02026808)**

**BALANCE SHEET
31 MARCH 2021**

	Notes	2021 \$	2020 \$
FIXED ASSETS			
Owned			
Tangible assets	8	519,393	255,981
Right-of-use			
Tangible assets	8, 14	3,673,681	187,788
		<u>4,193,074</u>	<u>443,769</u>
CURRENT ASSETS			
Stocks	9	12,753,413	9,205,793
Debtors	10	41,193,856	35,444,278
Cash at bank		-	9,082
		<u>53,947,269</u>	<u>44,659,153</u>
CREDITORS			
Amounts falling due within one year	11	24,104,677	20,496,326
NET CURRENT ASSETS		<u>29,842,592</u>	<u>24,162,827</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>34,035,666</u>	<u>24,606,596</u>
CREDITORS			
Amounts falling due after more than one year	12	3,289,629	-
NET ASSETS		<u><u>30,746,037</u></u>	<u><u>24,606,596</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	151	151
Retained earnings	18	30,745,886	24,606,445
SHAREHOLDERS' FUNDS		<u><u>30,746,037</u></u>	<u><u>24,606,596</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 December 2021 and were signed on its behalf by:



David Stewart - Director

The notes form part of these financial statements

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital \$	Retained earnings \$	Total equity \$
Balance at 1 April 2019	151	20,437,675	20,437,826
Changes in equity			
Total comprehensive income	-	4,168,770	4,168,770
Balance at 31 March 2020	<u>151</u>	<u>24,606,445</u>	<u>24,606,596</u>
Changes in equity			
Total comprehensive income	-	6,139,441	6,139,441
Balance at 31 March 2021	<u><u>151</u></u>	<u><u>30,745,886</u></u>	<u><u>30,746,037</u></u>

The notes form part of these financial statements

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. STATUTORY INFORMATION

Flextronics Global Services (Manchester) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 02026808 and registered office address is Stretton Green Distribution Centre, Langford Way, Warrington, Cheshire, WA4 4TQ.

The nature of the company's operations and its principal activities were that of the supply of computer parts and the provision of logistic services.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in USD Dollars, which is considered to be the functional currency of the Company because that is the currency of the primary economic environment in which the Company operates. Monetary amounts in these financial statements are rounded to the nearest \$.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have assessed the potential impact of coronavirus and are not expecting that the long term trading or financial position of the company will be significantly impacted. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraph 24(6) of IFRS 6 Exploration for and Evaluation of Mineral Resources;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

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.

Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. 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.

Bad debts are provided for where objective evidence of the need for a provision exists.

Inventories are assessed for evidence of obsolescence and a provision is made against any inventory unlikely to be sold, or where stock is sold post year end at a loss.

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES - continued

Turnover

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. Consideration is given to the point at which the Company is entitled to receive the income, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from the provision of services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due;
- the costs incurred can be measured reliably.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

- | | |
|-----------------------|-------------------------------|
| Long leasehold | - 33% on cost |
| Fixtures and fittings | - 33% on cost and 25% on cost |

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company 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 instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Derecognition of financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified 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 Company after deducting all of its liabilities.

Basic financial liabilities

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

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Foreign currency forward contracts

Foreign currency forward contracts are recognised initially at fair value, net of transaction costs incurred. In successive periods these are measured at fair value through profit or loss. Outstanding derivatives at year end are included within other debtors.

Stocks

Stocks are valued at the lower of net realisable value, after making due allowances for obsolete and slow moving items.

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES - continued

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

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

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Cash and cash equivalents

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

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES - continued

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal.

An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Government grants

Government grants received in respect of expenditure charged to the profit and loss account during the year have been included in the profit and loss account when received.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2021	2020
	\$	\$
Rendering of services	91,089,111	77,111,411
	<u>91,089,111</u>	<u>77,111,411</u>

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

3. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2021	2020
	\$	\$
United Kingdom	10,510,755	9,753,000
France	1,566,976	1,603,641
Belgium	579,601	160,447
Switzerland	44,608,466	38,256,165
Netherlands	5,907,984	4,982,892
Other European countries	21,760,084	18,551,893
Rest of the world	6,155,245	3,803,373
	<u>91,089,111</u>	<u>77,111,411</u>

Segmental analysis has not been provided as the directors consider that such disclosure would be prejudicial to the business.

4. EMPLOYEES AND DIRECTORS

	2021	2020
	\$	\$
Wages and salaries	9,210,854	8,667,826
Social security costs	1,354,745	1,370,332
Other pension costs	842,644	824,757
	<u>11,408,243</u>	<u>10,862,915</u>

The average number of employees during the year was as follows:

	2021	2020
Engineering and Distribution	104	92
Sales and Customer Services	66	70
Management and Administration	118	107
	<u>288</u>	<u>269</u>

	2021	2020
	\$	\$
Directors' remuneration	<u>188,752</u>	<u>193,307</u>

The number of directors to whom retirement benefits were accruing was as follows:

	1	1
Money purchase schemes	<u>1</u>	<u>1</u>

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	\$	\$
Intercompany interest	(157,331)	(329,757)
Corporation tax interest	(1,041)	(467)
Lease interest	19,056	10,074
	<u>(139,316)</u>	<u>(320,150)</u>

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging/(crediting):

	2021	2020
	\$	\$
Cost of inventories recognised as expense	67,307,644	56,118,684
Depreciation - owned assets	170,270	183,793
Depreciation - assets on hire purchase contracts	405,477	370,581
Auditors' remuneration	33,500	41,906
Foreign exchange differences	83,834	(193,055)
	<u>67,996,725</u>	<u>56,520,919</u>

7. TAXATION

Analysis of tax expense

	2021	2020
	\$	\$
Current tax:		
Corporation tax	648,054	-
Adjustment in respect of prior years	-	(8,777)
Total current tax	<u>648,054</u>	<u>(8,777)</u>
Deferred tax:		
Adjustment in respect of prior years	(691)	-
Origination and reversal of timing differences	41,433	69,962
Movement due to reduction in tax rate	-	(21,506)
Total deferred tax	<u>40,742</u>	<u>48,456</u>
Total tax expense in statement of comprehensive income	<u>688,796</u>	<u>39,679</u>

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

7. TAXATION - continued

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 \$	2020 \$
Profit before income tax	6,828,237	4,208,449
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,297,365	799,605
Effects of:		
Expenses not deductible for tax purposes	18,190	22,212
Group relief not paid for	(626,068)	(751,855)
Impact of changes in tax rates	-	(21,506)
Prior year adjustments	(691)	(8,777)
Tax expense	688,796	39,679

The main rate of corporation tax is 19%. The main rate of UK corporation tax will rise to 25% from 1 April 2023.

There is no expiry date on timing differences, unused tax losses or tax credits.

8. TANGIBLE FIXED ASSETS

	Freehold property \$	Long leasehold \$	Fixtures and fittings \$	Totals \$
COST				
At 1 April 2020	558,369	2,364,763	1,700,111	4,623,243
Additions	3,891,370	261,490	172,192	4,325,052
Disposals	(558,369)	-	-	(558,369)
At 31 March 2021	3,891,370	2,626,253	1,872,303	8,389,926
DEPRECIATION				
At 1 April 2020	370,581	2,353,100	1,455,793	4,179,474
Charge for year	405,477	16,210	154,060	575,747
Eliminated on disposal	(558,369)	-	-	(558,369)
At 31 March 2021	217,689	2,369,310	1,609,853	4,196,852
NET BOOK VALUE				
At 31 March 2021	3,673,681	256,943	262,450	4,193,074
At 31 March 2020	187,788	11,663	244,318	443,769

9. STOCKS

	2021 \$	2020 \$
Stocks	12,753,413	9,205,793

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	\$	\$
Trade debtors	18,670,261	8,105,475
Amounts owed by group undertakings	14,666,618	21,467,820
Derivative financial asset	94,782	-
Other debtors	188,689	402,045
Corporation tax	-	467,710
Value added tax	371,629	-
Deferred tax asset	93,604	134,346
Prepayments and accrued income	7,108,273	4,866,882
	<u>41,193,856</u>	<u>35,444,278</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	\$	\$
Leases (see note 13)	427,952	90,613
Trade creditors	12,658,507	10,151,767
Derivative financial liability	-	606,882
Amounts owed to group undertakings	5,427,845	4,200,896
Corporation tax	1,392	-
Social security and other taxes	397,509	355,392
Value added tax	-	20,372
Other creditors	138,553	87,186
Accruals and deferred income	5,052,919	4,983,218
	<u>24,104,677</u>	<u>20,496,326</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	\$	\$
Leases (see note 13)	<u>3,289,629</u>	<u>-</u>

13. FINANCIAL LIABILITIES - BORROWINGS

	2021	2020
	\$	\$
Current:		
Leases (see note 14)	<u>427,952</u>	<u>90,613</u>
Non-current:		
Leases (see note 14)	<u>3,289,629</u>	<u>-</u>

Terms and debt repayment schedule

	1 year or less	1-2 years	2-5 years	More than 5 years	Totals
	\$	\$	\$	\$	\$
Leases	<u>427,952</u>	<u>387,000</u>	<u>1,161,000</u>	<u>1,741,629</u>	<u>3,717,581</u>

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

14. LEASING

Right-of-use assets

Tangible fixed assets

	2021 \$	2020 \$
COST		
At 1 April 2020	558,369	-
Additions	3,891,370	558,369
Disposals	(558,369)	-
	<u>3,891,370</u>	<u>558,369</u>
 DEPRECIATION		
At 1 April 2020	370,581	-
Charge for year	405,477	370,581
Eliminated on disposal	(558,369)	-
	<u>217,689</u>	<u>370,581</u>
 NET BOOK VALUE	<u><u>3,673,681</u></u>	<u><u>187,788</u></u>

Lease liabilities

Minimum lease payments fall due as follows:

	2021 \$	2020 \$
Gross obligations repayable:		
Within one year	427,952	90,613
Between one and five years	1,548,000	-
In more than five years	1,741,629	-
	<u>3,717,581</u>	<u>90,613</u>
 Finance charges repayable:	<u> </u>	<u> </u>
 Net obligations repayable:		
Within one year	427,952	90,613
Between one and five years	1,548,000	-
In more than five years	1,741,629	-
	<u><u>3,717,581</u></u>	<u><u>90,613</u></u>

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

15. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

	2021 \$	2020 \$
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>53,947,269</u>	<u>44,659,153</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>27,394,306</u>	<u>20,496,326</u>

16. DEFERRED TAX

	\$
Balance at 1 April 2020	(134,346)
Adjustment in respect of prior years	(691)
Originating & reversal of timing differences	41,433
Balance at 31 March 2021	<u>(93,604)</u>

Details of the deferred tax asset are given below:

	2021 \$	2020 \$
Accelerated capital allowances	<u>93,604</u>	<u>134,346</u>
	<u>93,604</u>	<u>134,346</u>

The company has an unrecognised deferred tax asset of \$267,204 in respect of losses carried forward that has not been recognised. This asset will be recoverable if suitable profits are made against which the loss can be set off.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal value:	\$	\$
100	Ordinary	\$1.51	<u>151</u>	<u>151</u>

18. RESERVES

	Retained earnings \$
At 1 April 2020	24,606,445
Profit for the year	<u>6,139,441</u>
At 31 March 2021	<u>30,745,886</u>

The profit and loss account includes all current and prior year retained profits and losses less dividends.

**FLEXTRONICS GLOBAL SERVICES (MANCHESTER)
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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

19. PENSION COMMITMENTS

The company makes contributions to a defined contribution pension scheme for eligible employees excluding directors. During the year contributions of \$842,644 (2020 - \$824,757) were made. At 31 March 2021 \$138,503 (2020 - \$nil) was outstanding.

20. DERIVATIVES

The company has foreign currency forward contracts in place at the year-end which commit the company to purchase foreign currency at prescribed rates.

The fair value of these forward contracts committed to at the balance sheet date is a financial asset of \$94,782 (2020 - \$606,882 financial liability).

21. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Express Cargo Forwarding Limited incorporated in the United Kingdom which is in turn a wholly owned subsidiary of Flex Ltd.

Copies of the accounts of Express Cargo Forwarding Limited can be obtained from its registered address, Stretton Green Distribution Centre, Langford Way, Cheshire, Warrington, WA4 4TQ.

The controlling company, Flex Ltd is the ultimate parent undertaking and the largest and smallest group which consolidates these accounts. Copies of the accounts of Flex Ltd are available from Flex Ltd, 2 Changi South Lane, Singapore, 486123.