

Axiom Manufacturing Services Ltd.

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 03383537

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Axiom Manufacturing Services Ltd.

Company Information

Directors	H L Tung C Nye M S Smith F A Payne
Company secretaries	M S Smith C Cole
Registered number	03383537
Registered office	Technology Park Newbridge Newport Gwent NP11 5AN
Independent auditor	BDO LLP Bridgewater House Counterslip Bristol BS1 6BX
Solicitors	Berry Smith LLP Haywood House Dumfries Place Cardiff CF10 3GA

Axiom Manufacturing Services Ltd.

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Axiom Manufacturing Services Ltd.

Strategic Report For the Year Ended 31 December 2022

The Directors present the Strategic Report of Axiom Manufacturing Services Ltd. (the "Company") for the year ended 31 December 2022.

Business review

Development and performance of the business

	2022	2021	2020	2019
Turnover (£)	56,512,175	55,933,726	62,131,861	50,134,574
Turnover growth/(decline)	1%	(10)%	24%	1%
Gross profit margin	16%	17%	16%	14%
EBITDA (£)	2,686,666	5,885,266	6,417,491	3,474,762
Profit before taxation (£)	2,354,498	4,926,721	5,423,059	2,529,243

The Company considers the information presented in table above as the financial key performance indicators (KPI's) and there are no non-financial KPI's which the Company considers to be disclosed.

Position of the business

The Company saw turnover increase slightly in 2022 to £56.51m (2021: £55.93m) compared to the level achieved in 2021, this was in line with expectations and continues the growth trend of previous years. The trend of underlying growth continued as can be seen from the revenue achieved from 2018 to 2022. Changes to the senior management structure of the business did not affect the performance during 2022, and this growth will also continue throughout 2023 and beyond. Axiom have confirmed purchase orders in place from current customers for 2023 and 2024 at a similar level to the current year and have also received an order from a new customer for £10m scheduled for delivery during 2023. Key customers continued to show growth as the economy started to recover. The gross profit margin was eroded slightly by general price hardening and wage increases linked to RPI, dropping GPM from 17% to 16%. EBITDA (earnings before interest tax depreciation and amortisation) reduced to £2.69m (2021: £5.89m), directly linked to price increases and the weak pound against the USD and EUR, driven by the macroeconomic issues detailed below. Profit before tax also decreased to £2.35m (2021: £4.93m).

During the year the Company invested a further £1.56m (2021: £0.98m) in the latest technology, to give greater manufacturing capacity and capability moving forward, reduce environmental impact and allow the opportunity to expand in the future.

We have strong order coverage from our current customers and have a new customer who recently placed an order in excess of £10m for this year alone. We meet regularly with customers to understand future projects and the feedback supports this comment.

The impact of the cost of living and instability within the UK Government had an adverse effect on the US dollar in 2022, which impacted on the profits achieved during the year. Global supply chain issues particularly in the semiconductor market continued during 2022, and this has resulted in customers placing increased and longer orders with the company to secure key materials. This, along with and the legal/severance costs incurred were the major factors.

Axiom Manufacturing Services Ltd.

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

Business review (continued)

Position of the business (continued)

The result of the semiconductor market conditions has resulted in an increase in working capital requirements, (total of stock, trade debtors and trade creditors) to £21,619,343 (2021: £18,630,762), in preparation for delivering the strong 2023 order book. The management of working capital along with the positive relationships with both customers and suppliers alike are essential to the continued growth of the company. Due to the working capital requirements and a cash dividend relating to previous years, cash balances decreased in the year to £5,672,258 (2021: £10,369,271).

The Company continues to invest in the research and development of printed circuit board technology for its own use and for the benefit of its customer base. The average number of employees in the company during the year was 312 (2021: 301).

The Directors believe that the outlook for the business remains positive, and the open order book at the start of 2023 is stronger than it has ever seen before. This will lead to a further improvement in the cash position, balance sheet and financial condition during 2023. The company will continue to increase the size of its customer base, invest in the latest capital equipment, and invest in research and development, to further enhance its manufacturing capacity and increase its service offering.

Principal risks and uncertainties

The key business risks affecting the business are the global economic environment, our competitors, and the advancement of technology. The business tries to mitigate these risks by having a spread of customers across several different market sectors; these customers in turn sell their products across the globe, therefore reducing the risk/impact of downturns in individual countries or regions. The business also invests in capital expenditure to remain at the forefront of technology so that the company can match the service offering of our customers.

Brexit

The economic climate of the UK has been impacted for several years by the decision taken by the UK in June 2016 to leave the EU (European Union). The UK formally left the EU on 31 January 2020, with the transitional period ending on 31 December 2020. Management continues to monitor the situation and the risks associated with this moving forward, and at the time of writing the management currently consider that this will have minimal impact on the business.

Supply Chain

The global marketplace is seeing supply chain issues across many sectors, with this being reported widely in the press. The impact of this has been increased lead times which can in turn delay the manufacturing process. It has also resulted in price hardening with suppliers, which the business will mitigate by negotiating and collaborating with customers to redress the situation in a sensible and amicable way. To mitigate the risk of material delays, the management have increased the inventory/working capital of the business, whilst this has not had a major impact on the business to date, management consider that supply chain issues will remain during 2023 and 2024 but that it will have a limited impact on the business.

Ukraine conflict

Whilst the company has no customers or suppliers in the Ukraine or Russia, the company is closely monitoring the current situation with its suppliers. Management currently consider that this will have minimal impact on the business.

Axiom Manufacturing Services Ltd.

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

Directors' statement of compliance with duty to promote the success of the Company and section 172 statement

- *Long term consequences of decisions made in the year*

During December of each year the board approves the three-year business plan, each year the directors conduct an in-depth review of the business strategy and undertake the business planning process around this. The outcome of this process is the business plan, and the main aim of this plan is to provide long term benefits to the company and its shareholders.

- *Interests of employees*

The Company considers its employees to be fundamental to the continued success of the business and the delivery of its business plan. The Company regularly engages with employees' representatives through employee consultative group meetings. At these meetings the elected representatives from each department of the business are given updates about the Companies performance against the business plan and any future developments that may affect the business. The representatives also bring to the attention of management any issues they consider may impact the business or employee's wellbeing. Further employee participation is encouraged through regular employee surveys.

The Company aim is to be responsible employer in relation to the remuneration and benefits that its employees receive along with being committed to equal opportunities for all employees. The continued training and development of employees is encouraged with areas for further development identified through its annual appraisal process. In addition, the health and safety of the employees is key, and areas of improvement are identified at monthly meetings.

- *Fostering business relationships with suppliers, customers and other stakeholders*

The Company views their relationships with suppliers, customers, and other key third parties as integral to the continued success of the business. The Company is committed to having professional and ethical relationships with these parties and engages with them on a regular basis via a range of communication channels, including face to face meetings, email, telephone conversations, and more formally via quarterly business reviews. Where possible the Company will engage with other businesses that have accreditations in place such as ISO 9001 Quality Management that are aligned with that of the Company.

- *Impact of the Company's operations on the community and environment*

The Company has a responsibility to consider the impact of its business on the environment and community. The Company is accredited to ISO14001 Environmental Management and aims to reduce its energy consumption year on year through investment in energy efficient/green projects. In addition, several acres of land are currently used to encourage wildlife and bees are being kept in a protected area of the grounds.

The Company also encourages involvement with the local community, this is done by arranging visits with many local schools for the children to gain an understanding of the manufacturing sector. The Company also encourages sporting activities by sponsoring local teams.

Axiom Manufacturing Services Ltd.

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

Directors' statement of compliance with duty to promote the success of the Company and section 172 statement (continued)

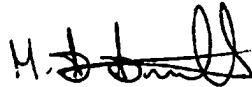
- *Maintaining a reputation for high standards of business conduct*

As directors our intention is to behave reasonably and to ensure management operates the business in a responsible manner, operating with high business standards and adopting good governance. The Company aims to ensure that it and its employees act within the laws and regulations of the jurisdictions that it conducts its business, and that the Company and its employees behave honestly, with integrity and with respect to others. The business has in place policies covering, bribery and business conduct, anti-slavery, and human trafficking, along with whistleblowing.

- *The need to act fairly as between members of the Company*

As a board of directors our intention is to act responsibly and fairly to our shareholders, and we believe communication with them and other members of the company are key. The directors give regular trading updates to the ultimate parent company.

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



M Smith
Director

Date: 10th July, 2023

Axiom Manufacturing Services Ltd.

Directors' Report For the Year Ended 31 December 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is that of contract electronics manufacturing which involves the manufacture and service of electronic and mechanical assemblies, for use in third party electronic products.

Results and dividends

The profit for the year, after taxation, amounted to £1,736,427 (2021 - £4,464,336).

During the year, dividends of £3.6m were paid (2021 - £Nil).

Directors

The Directors who served during the year were:

H L Tung
C Nye (appointed 28 April 2022)
M S Smith (appointed 24 May 2022)
F A Payne (appointed 28 April 2022)
D Davies (resigned 26 April 2022)
J Z Liu (resigned 28 April 2022)

Going concern

The Company reviews its open order book on a monthly basis to consider the future impact on the business. The Company's forecasts show that it is expected to be profitable at an EBITDA level and cash generative from its operating activities for the foreseeable future and that the Company has the ability to remain within its committed lending facilities. Therefore, the Directors have prepared the financial statements on a going concern basis.

In determining whether the financial statements can be prepared on a going concern basis, the Board considered the Company's business activities, together with the factors likely to affect its future development, performance and position. The Board considered in detail the future impact on the Company of a possible downturn in financial and trading performance. The Board has considered a base case and a severe but plausible downside case. In both cases, the Company has adequate headroom to meet its liabilities as they fall due.

Financial risk management

The Company's activities expose it to a number of financial risks including foreign exchange risk, credit risk and liquidity risk.

The business' principal financial instruments comprise bank balances, trade debtors, trade creditors and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

Foreign Exchange Risk

The Company's purchasing activities expose it to limited financial risks associated with changes in foreign currency exchange rates, specifically USD, EUR and JPY. The Company does use foreign exchange forward contracts to hedge these exposures when the risk is deemed significant. At 31 December 2022 the market value of foreign exchange forward contracts is £1.24m (2021 - £Nil).

Axiom Manufacturing Services Ltd.

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

Financial risk management (continued)

Credit Risk

The Company's credit risk is primarily attributable to its trade debtors. Trade debtors are managed in respect of this risk by policies concerning the credit offered to customers and regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the Statement of Financial Position are net of allowances for doubtful debtors.

Liquidity Risk

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and close controls of its working capital. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Liquidity risk on trade creditors is managed by ensuring sufficient funds are available to meet amounts due.

The business is a lessee in respect of finance lease assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

Future developments

The future developments of the Company are discussed in the business review section of the Strategic Report on page 1.

Employee involvement

The Company involves all its employees in its objectives, plans and performance and on other relevant matters of interest to employees through various communication methods and regular company meetings. The Company is an equal opportunities employer and does not discriminate in the recruitment and promotion of staff.

The Company's policy is to recruit disabled employees for those vacancies that they are suitable to fill. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform the duties identified as appropriate to their aptitudes and abilities. It continues to be the policy of the Company that the training, career development and promotion of disabled persons should as far as is feasible be identical to that of other employees.

Qualifying third party indemnity provisions

The Company has granted to the Directors of the Company a deed of indemnity which constitutes a third party indemnity provision for the purposes of the Companies Act 2006. In addition, the Company has in place appropriate Directors and officers liability insurance cover with Chubb which has been in place for the entire year and at the date of approval of the financial statements.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company has taken the exemption available to subsidiary companies not to disclose information in respect of greenhouse gas emissions, energy consumption and energy efficiency action given this is disclosed in the consolidated financial statements of the ultimate parent company, Axiom MS Limited.

Matters covered in the Strategic Report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report in accordance with S414C(1) as the Directors consider them to be of strategic importance to the Company.

Axiom Manufacturing Services Ltd.

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

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.

Events after the reporting period

There have been no significant events affecting the Company since the year end.

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 and signed on its behalf.



M S Smith
Director

Date: 10th July, 2023

Axiom Manufacturing Services Ltd.

Directors' Responsibilities Statement For the Year Ended 31 December 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 applicable law and 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Axiom Manufacturing Services Ltd.

Independent Auditor's report to the members of Axiom Manufacturing Services Ltd.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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 Axiom Manufacturing Services Limited ("the Company") for the year ended 31 December 2022 which comprise Statement of Comprehensive Income, Statement of Financial Position, 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.

Axiom Manufacturing Services Ltd.

Independent Auditor's report to the members of Axiom Manufacturing Services Ltd. (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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 Statement of Directors Responsibilities, 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.

Axiom Manufacturing Services Ltd.

Independent Auditor's report to the members of Axiom Manufacturing Services 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:

- obtaining an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with the Companies Act, United Kingdom Generally Accepted Accounting Practice and tax legislation.
- making enquiries of management of the Group policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- reviewing minutes of the board of directors in order to identify any instances of fraud or non-compliance with laws and regulations.
- making enquiries of other personnel with roles relevant to compliance with laws and regulations.
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
- management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
- challenging assumptions made by management in their significant accounting estimates in particular in relation to valuation of investment, obsolete stock, deferred tax assets, valuation of tangible assets and the recognition of deferred and accrued income;
- identifying and testing journal entries, in particular any journal entries to revenue which are not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions.
- revenue recognition: application of cut off at, and measurement of accrued income to, and deferred from, the year-end. We reviewed transactions pre and post year end to check that the associated revenue is reflected in the correct period.
- communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Axiom Manufacturing Services Ltd.

Independent Auditor's report to the members of Axiom Manufacturing Services Ltd. (continued)

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.

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:

Heather Wheelhouse

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Heather Wheelhouse (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Bristol
United Kingdom

Date: 10 July 2023

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

Axiom Manufacturing Services Ltd.

Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	56,512,175	55,933,726
Cost of sales		(47,264,132)	(46,269,966)
Gross profit		9,248,043	9,663,760
Administrative expenses		(7,290,441)	(5,045,831)
Other operating income	5	412,554	325,328
Operating profit	6	2,370,156	4,943,257
Interest receivable and similar income	10	934	41
Interest payable and similar expenses	11	(16,592)	(16,577)
Profit before tax		2,354,498	4,926,721
Tax on profit	12	(618,071)	(462,385)
Profit and total comprehensive income for the financial year		1,736,427	4,464,336

There was no other comprehensive income for 2022 (2021 - £Nil).

All amounts relate to continuing activities.

The notes on pages 16 to 34 form part of these financial statements.

Axiom Manufacturing Services Ltd.

Registered number:03383537

**Statement of Financial Position
As at 31 December 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	-	-
Tangible assets	15	5,722,278	5,275,065
Investments	16	617,032	617,032
		<u>6,339,310</u>	<u>5,892,097</u>
Current assets			
Stocks	17	16,047,341	14,836,992
Debtors	18	18,829,785	15,932,615
Cash at bank and in hand		5,672,258	10,369,271
		<u>40,549,384</u>	<u>41,138,878</u>
Creditors: amounts falling due within one year	19	(13,789,935)	(12,222,676)
Net current assets		<u>26,759,449</u>	<u>28,916,202</u>
Total assets less current liabilities		<u>33,098,759</u>	<u>34,808,299</u>
Creditors: amounts falling due after more than one year	20	(24,249)	(169,721)
Provisions for liabilities			
Deferred tax	22	(564,245)	(264,740)
Net assets		<u><u>32,510,265</u></u>	<u><u>34,373,838</u></u>
Capital and reserves			
Called up share capital	23	13,564,002	13,564,002
Profit and loss account	24	18,946,263	20,809,836
Total shareholders' funds		<u><u>32,510,265</u></u>	<u><u>34,373,838</u></u>

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

C Nye
Director

Date:

The notes on pages 16 to 34 form part of these financial statements.

Axiom Manufacturing Services Ltd.

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

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 January 2021	13,564,002	16,345,500	29,909,502
Comprehensive income for the financial year			
Profit for the financial year	-	4,464,336	4,464,336
Total comprehensive income for the financial year	-	4,464,336	4,464,336
At 1 January 2022	13,564,002	20,809,836	34,373,838
Comprehensive income for the financial year			
Profit for the financial year	-	1,736,427	1,736,427
Total comprehensive income for the financial year	-	1,736,427	1,736,427
Contributions by and distributions to owners			
Dividends: Equity capital	-	(3,600,000)	(3,600,000)
Total transactions with owners	-	(3,600,000)	(3,600,000)
At 31 December 2022	13,564,002	18,946,263	32,510,265

The notes on pages 16 to 34 form part of these financial statements.

Axiom Manufacturing Services Ltd.

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

1. General information

Axiom Manufacturing Services Ltd. is a private company limited by shares and incorporated in England and Wales 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The presentational and functional currency is pounds sterling and amounts presented in these financial statements are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.3 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 Axiom MS Limited as at 31 December 2022 and these financial statements may be obtained from Technology Park, Newbridge, Newport, Gwent NP11 5AN.

Axiom Manufacturing Services Ltd.

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

2. Accounting policies (continued)

2.4 Going concern

The Company reviews its open order book on a monthly basis to consider the future impact on the business. The Company's forecasts show that it is expected to be profitable at an EBITDA level and cash generative from its operating activities for the foreseeable future and that the Company has the ability to remain within its committed lending facilities. Therefore, the Directors have prepared the financial statements on a going concern basis.

In determining whether the financial statements can be prepared on a going concern basis, the Board considered the Company's business activities, together with the factors likely to affect its future development, performance and position. The Board considered in detail the future impact on the Company of a possible downturn in financial and trading performance. The Board has considered a base case and a severe but plausible downside case. In both cases, the Company has adequate headroom to meet its liabilities as they fall due.

2.5 Turnover

Turnover 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. Turnover 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

Turnover 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.

2.6 Intangible assets

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

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

2.7 Tangible fixed assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase cost of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Repairs and maintenance costs are expensed as incurred.

Axiom Manufacturing Services Ltd.

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

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Land	- not depreciated
Plant and machinery	- over 7 years (straight line)
Motor vehicles	- over 5 years (straight line)
Fixtures and fittings	- over 3 to 15 years (straight line)
Assets Under Construction	- not depreciated

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

Tangible assets are derecognised on disposal or when no future economic benefits are expected. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

2.8 Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

2.9 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 reporting 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.

Supplier and customer consignment stock is held by the Company which is not recognised on the Statement of Financial Position. These stock items are accounted for by the corresponding supplier or customer as owners of the stock.

Axiom Manufacturing Services Ltd.

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

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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 Statement of Financial Position date, except that:

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

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

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

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.

2.12 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Statement of Comprehensive Income in 'other operating income' on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

Axiom Manufacturing Services Ltd.

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

2. Accounting policies (continued)

2.13 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.14 Finance lease and hire purchase contract

Assets held under finance leases and hire purchase contracts, which are leases where substantially all of the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the Statement of Financial Position as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

The capital elements of future obligations under the leases are included as liabilities in the Statement of Financial Position. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

2.15 Employee Benefits

The Company provides a range of benefits to employees, including discretionary annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

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

(ii) Defined contribution pension plans

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 payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Axiom Manufacturing Services Ltd.

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

2. Accounting policies (continued)

2.18 Financial Instruments

The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Derivative financial instruments are used to manage exposure to currency risk from fluctuations in exchange rates on future transactions. The principal financial instrument used by the Company is forward currency contracts. Derivative financial assets are accounted for as fair value through profit and loss.

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

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and finance leases, 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 receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as Creditors: amounts falling due within one year if payment is due within one year or less. If not, they are presented as Creditors: amounts falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Axiom Manufacturing Services Ltd.

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

2. Accounting policies (continued)

2.18 Financial instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and 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.

2.19 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.22 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.23 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.24 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Axiom Manufacturing Services Ltd.

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

- **Tangible fixed assets**

Tangible fixed assets, other than investment properties, 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. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Deferred tax assets**

The Company has recognised deferred tax asset at year end. Management has assessed recovery of these assets with reference to the company's forecasts. Recovery of these assets is subject to the generation of taxable profits by the company in future years.

- **Stock**

Management uses judgement to assess stock for impairment at year end. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and the impairment loss is recognised on the P&L.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £	2021 £
Net rents receivable	280,531	253,662
Other income	83,472	71,666
Profit on disposal of tangible assets	48,551	-
	<u>412,554</u>	<u>325,328</u>

Axiom Manufacturing Services Ltd.

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

6. Operating profit

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

	2022 £	2021 £
Depreciation of tangible assets	943,609	825,456
Depreciation of leased assets	116,550	116,551
Exchange differences	1,784,502	(390,313)
Operating lease charges	525,615	256,483
	<u> </u>	<u> </u>

7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	35,870	28,325
	<u> </u>	<u> </u>

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

8. Employees

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

	2022 £	2021 £
Wages and salaries	10,089,798	10,751,036
Social security costs	765,243	1,105,332
Other pension costs	408,549	400,059
	<u> </u>	<u> </u>
	<u>11,263,590</u>	<u>12,256,427</u>

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

	2022 No.	2021 No.
Administration and support	28	29
Production	284	272
	<u> </u>	<u> </u>
	<u>312</u>	<u>301</u>

Axiom Manufacturing Services Ltd.

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

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	1,308,179	731,062
Company contributions to defined contribution pension schemes	35,936	32,000
	<u>1,344,115</u>	<u>763,062</u>

In addition to the above emoluments, 1 individual was paid £80,000 (2021 - £Nil) in respect of termination.

During the year retirement benefits were accruing to 4 Directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £728,224 (2021 - £687,802).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £17,298 (2021 - £32,000).

10. Interest receivable and similar income

	2022 £	2021 £
Other interest receivable	<u>934</u>	<u>41</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Finance leases and hire purchase contracts	<u>16,592</u>	<u>16,577</u>

Axiom Manufacturing Services Ltd.

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

12. Tax on profit

	2022 £	2021 £
Corporation tax		
Current tax on profit for the year	296,033	405,557
Adjustments in respect of previous periods	22,533	-
Total current tax	318,566	405,557
Deferred tax		
Origination and reversal of timing differences	164,086	56,828
Effect of changes in tax rates	135,419	-
Total deferred tax	299,505	56,828
Taxation on profit	618,071	462,385

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	2022 £	2021 £
Profit before taxation	2,354,498	4,926,721
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	447,355	936,077
Effects of:		
Expenses not deductible for tax purposes	83	882
Capital allowances for year in excess of depreciation	-	(102,405)
Other timing differences leading to an (decrease)/increase in taxation	-	(23,396)
Adjustments in respect of prior years	22,533	-
R&D relief	-	(308,750)
Income not taxable	(37,566)	-
Tax rate changes	135,418	-
Amounts not recognised	60,146	-
Group relief	(9,898)	(40,023)
Total tax charge for the financial year	618,071	462,385

Axiom Manufacturing Services Ltd.

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

12. Tax on profit (continued)

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at the year end has been calculated based on the rates expected to apply in the reporting periods when the timing differences reverse.

13. Dividends

	2022 £	2021 £
Dividends paid £0.27 (2021 - £Nil) per share	3,600,000	-

14. Intangible assets

	Development expenditure £
Cost	
At 1 January 2022	69,732
At 31 December 2022	69,732
Amortisation	
At 1 January 2022	69,732
At 31 December 2022	69,732
Net book value	
At 31 December 2022	-
At 31 December 2021	-

Axiom Manufacturing Services Ltd.

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

15. Tangible fixed assets

	Land £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets Under Construction £	Total £
Cost						
At 1 January 2022	1,092,012	10,841,668	62,202	6,249,665	370,785	18,616,332
Additions	-	379,642	-	992,794	185,615	1,558,051
Disposals	-	(1,316,606)	(62,202)	-	-	(1,378,808)
At 31 December 2022	<u>1,092,012</u>	<u>9,904,704</u>	<u>-</u>	<u>7,242,459</u>	<u>556,400</u>	<u>18,795,575</u>
Depreciation						
At 1 January 2022	-	8,104,882	8,294	5,228,091	-	13,341,267
Charge for the year	-	737,429	6,220	316,510	-	1,060,159
Disposals	-	(1,313,615)	(14,514)	-	-	(1,328,129)
At 31 December 2022	<u>-</u>	<u>7,528,696</u>	<u>-</u>	<u>5,544,601</u>	<u>-</u>	<u>13,073,297</u>
Net book value						
At 31 December 2022	<u>1,092,012</u>	<u>2,376,008</u>	<u>-</u>	<u>1,697,858</u>	<u>556,400</u>	<u>5,722,278</u>
At 31 December 2021	<u>1,092,012</u>	<u>2,736,786</u>	<u>53,908</u>	<u>1,021,574</u>	<u>370,785</u>	<u>5,275,065</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	<u>341,051</u>	<u>457,602</u>

Axiom Manufacturing Services Ltd.

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

16. Investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2022	617,032
At 31 December 2022	<u>617,032</u>

Subsidiary undertaking

The following directly held subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Greeve Limited	Unit 1 Aiwa Technology Park, Newbridge, Newport, Wales, NP11 5AN	Technology innovation company	Ordinary	100%

17. Stocks

	2022 £	As restated 2021 £
Raw materials and consumables	11,242,916	10,293,254
Work in progress	2,734,302	3,445,340
Finished goods and goods for resale	2,070,123	1,098,398
	<u>16,047,341</u>	<u>14,836,992</u>

An impairment loss of £13,062 (2021 - £211,276) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

See note 25 for details of the prior year restatement.

Axiom Manufacturing Services Ltd.

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

18. Debtors

	2022 £	2021 £
Trade debtors	13,360,783	10,746,354
Amounts owed by group undertakings	4,800,000	4,869,822
Other debtors	320,326	34,217
Prepayments	348,696	282,222
	<u>18,829,785</u>	<u>15,932,615</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

An impairment loss of £Nil (2021 - £Nil) was recognised in administrative expenses against bad and doubtful debts.

19. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	9,932,028	6,782,405
Amounts owed to group undertakings	46,324	286,851
Corporation tax	376,257	485,781
Taxation and social security	1,364,186	708,501
Obligations under finance lease and hire purchase contracts	145,473	145,474
Other creditors	546,508	66,592
Accruals	1,379,159	3,747,072
	<u>13,789,935</u>	<u>12,222,676</u>

The finance lease agreements are secured on the assets to which the liability relates.

Amount owed to group undertakings are unsecured, interest free and repayable on demand.

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

	2022 £	2021 £
Obligations under finance leases and hire purchase contracts	<u>24,249</u>	<u>169,721</u>

Axiom Manufacturing Services Ltd.

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

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	145,473	145,474
Between 1-5 years	24,249	169,721
	<u>169,722</u>	<u>315,195</u>

22. Deferred taxation

	2022 £
At beginning of year	264,740
Charged to profit or loss	299,505
At end of year	<u>564,245</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	572,799	264,740
Short term timing differences - trading	(8,554)	-

There are no unrecognised tax losses in the current or prior year.

Axiom Manufacturing Services Ltd.

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

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
13,564,002 (2021 - 13,564,002) Ordinary shares of £1 each (2021 - £1)	13,564,002	13,564,002

The ordinary shares each carry one voting right.

24. 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.

Profit and loss account

Profit and loss account represents all net gains and losses and transactions with owners that are not recognised elsewhere.

25. Prior year adjustment

In the prior year, the Company's work in progress (WIP) of £3.4m was incorrectly classified as raw materials rather than WIP in note 16 of the prior year financial statements. The statutory formats in the Accounting Regulations require stock to be analysed between raw materials and consumables, WIP and finished goods. Therefore, note 17 is restated to show the WIP of £3.4m separately from raw materials.

26. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £408,549 (2021 - £400,059).

Contributions totalling £63,382 (2021 - £57,584) were payable to the fund at the reporting date and are included in other creditors.

Axiom Manufacturing Services Ltd.

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

27. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	57,202	48,623
Later than 1 year and not later than 5 years	42,776	67,211
	<u>99,978</u>	<u>115,834</u>

28. Rent receivable under operating leases

The Company leases out property under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

	2022 £	2021 £
Not later than 1 year	232,500	122,894
Later than 1 year and not later than 5 years	891,250	-
	<u>1,123,750</u>	<u>122,894</u>

29. Related party transactions

The Company has taken advantage of the exemption conferred by section 33.1A of FRS102 not to disclose transactions with other wholly owned subsidiaries within the Group.

During the year, key management personnel received severance pay of £80,000 (2021 - £Nil).

30. Events after the reporting period

There have been no significant events affecting the Company since the year end.

Axiom Manufacturing Services Ltd.

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

31. Ultimate parent undertaking

The immediate parent undertaking is Axiom MS Limited, a company incorporated in the United Kingdom.

Axiom MS Limited, its registered office being Technology Park, Newbridge, Newport, Gwent, NP11 5AN, is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Axiom MS Limited can be obtained from Technology Park, Newbridge, Newport, Gwent, NP11 5AN.

The ultimate parent undertaking is Elate Holdings Limited, a company incorporated in Hong Kong.

Elate Holding Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Elate Holdings Limited are available from Unit 1002, 10/F., Euro Trade Centre, 21-23 Des Voeux Road Central, Hong Kong.

The Directors consider there to be no ultimate controlling party.