

Company registration number 05479601 (England and Wales)



**TXO SYSTEMS LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

Helping you prosper

**TXO SYSTEMS LTD**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr D L Pearce Mr S G Griffiths
<b>Company number</b>	05479601
<b>Registered office</b>	Finance & Administration Department Unit 3, Severn Cross Distribution Park Newhouse Farm Industrial Estate Chepstow Monmouthshire NP16 6UP
<b>Auditor</b>	UHY Hacker Young Bradbury House Mission Court Newport Gwent United Kingdom NP20 2DW

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**TXO SYSTEMS LTD**

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## **TXO SYSTEMS LTD**

### **STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023**

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The directors present the strategic report for the year ended 30 June 2023.

#### **Review of the business**

During the year, the TXO Group, headed by TXO Systems Ltd, was the subject of a management buyout supported by Towerbrook Capital Partners ("Towerbrook"). Towerbrook, a London and New York based international investment firm, acquired a majority stake in the Group to help drive and support management's ambition to positively deliver growth. The choice of Towerbrook as a partner pivoted around the alignment of its own impact strategy to the sustainability and ESG principles of the TXO Group. Towerbrook's involvement will support the acceleration of plans for both further international expansion, as evidenced by the recent opening of an Australian warehouse, and through acquisitive growth, which since the year end has seen the acquisition of both a German and a UK business, by TXO Systems Ltd's parent company, TXO Delta Bidco Ltd.

There have not been any significant changes in the principal activities of the company or the group in the year under review. The directors are not aware, at the date of this report, of any likely changes in the company's or the group's activities in the forthcoming year.

As shown in the profit and loss account, the group's revenue for the year ended 30 June 2023 was £52.6m compared to £45.0m in the year ended 30 June 2022: an overall increase of 17.0%. Another of the group's other key performance indicators is gross margin, which remained consistent with the previous year at 41% (2022: 41%).

Operating profit for the year to 30 June 2023 was £1.3m compared to £5.0m for the year to 30 June 2022, although this includes exceptional costs totalling £5.5m (2022: £0.6m). During the year, the company recognised a total share based payment expense of £29k (2022: £323k), due to share options granted during FY22 being vested over a two-year period. Further details of share based payments and exceptional items are included within note 5 to the financial statements

At 30 June 2023 the group had net assets of £18.7m (2022: £11.8m).

#### **Principal risks and uncertainties**

The group operates in a competitive market which is a continuing risk to the group and could result in losing sales to its key competitors. The group manages this risk by focusing on quality of service and product offering.

The group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk.

#### **Cash flow risk**

The group's activities expose it to the financial risks of changes in foreign currency exchange rates. The group has a reasonable degree of natural hedging between foreign monetary assets and liabilities. In addition the group uses forward contracts to further mitigate the impact of foreign currency impacts.

#### **Credit Risk**

The group's principal financial assets are cash, and trade and other receivables.

The group's credit risk is primarily attributed to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties, customers and geographies.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long term equity and short term debt finance.

**TXO SYSTEMS LTD**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**Going concern**

Sustainability and the circular-economy continue to be at the heart of public discourse and represent an increasingly important element of strategy for many of our global clients. Circular economy principles and a focus on sustainability are now at the forefront of many companies' agendas and we remain committed to helping our telecommunications customers in this important area.

We continue to see increased demand for our services and have increased product throughput across our operations, underpinning our continued investment in our operational facilities. FY23 represented our first full year of operations out of our Swedish facility and we have recently invested further in Australia, opening a new warehouse in Melbourne. Building on recent investments such as this, the diversification of our product and service offering and a continuous focus on our customers' needs, the directors are confident that the foundations are set to deliver profitable growth in line with the group's agreed strategy.

As such the Board is pleased to state that its assessment is that the going concern basis remains appropriate.

**Promoting the success of the company**

Section 172 of the Companies Act 2006 requires that directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. The likely consequences of any decision in the long term
- a. The interests of the company's employees
- a. The need to foster the company's business relationships with suppliers, customers and others
- a. The impact of the company's operations on the community and the environment
- a. The desirability of the company maintaining a reputation for high standards of business conduct
- a. The need to act fairly as between members of the company

The directors recognise their responsibilities under the Act and are satisfied they have met their duties regarding these matters.

**Our People**

In enabling the company to deliver on its aim, the directors acknowledge the importance of recognising the roles that employees play in the success of the company through skill, experience and commitment. Their wellbeing is a priority of the directors in the strategic planning for the future development of the company.

The company encourages all employees to embrace continuous learning of new concepts, skills and behaviours. All employees are provided access to an employee development programme in addition to formal training programmes which are relevant to their roles.

The directors are delighted that the company has ISO 45001 certification, highlighting our commitment to Occupational Health and Safety. We have also been awarded accreditation from Alcumus SafeContractor for achieving excellence in health and safety in the workplace. Alcumus SafeContractor is a leading third party products and services which greatly extend the lifetime of steelwork in infrastructure and help companies address their sustainability goals. Whether to mitigate risk, create new opportunities, reduce operating costs or improve brand reputation, we help companies address their sustainability goals and take control of their resources in a way that creates value and helps the environment.

The directors are pleased that TXO is officially part of the Ellen MacArthur Foundation community, a leading authority on the circular economy.

The directors are also mindful of the impact the company operations may have upon the community environment and incorporate various activities and charitable donations into the strategy the company has, in order to maintain good community relations.

**TXO SYSTEMS LTD**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**Business Relationships**

The company's aim to be the "world's local partner for sustainable communication networks" is attained by the directors' continued decision making on the basis of medium- and long-term strategy, to ensure the company can provide high quality used telecommunications equipment and related services to our customers across the globe.

The directors acknowledge the importance of the company's customers to the continued success of the company and place great emphasis on customer experience whilst doing business with the company, in determining key operational decisions to be made.

Trusted and valued supplier relationships are paramount to ensuring high quality product can be obtained on terms that can satisfy customer demand and the directors are ever-mindful of the need to maintain and enhance good supplier relations in the strategy they deliver for the company. We value all our suppliers with whom we have multi-year relationships and agreements.

**Business conduct**

As noted above, the company invests heavily in maintaining strong customer and supplier relationships but the directors also recognise the need to ensure the company conducts its business to the highest standard and meets all regulatory and legal requirements. The directors have established appropriate legal, finance and operational teams to ensure that such matters are met.

On behalf of the board

Mr S G Griffiths  
**Director**

21 December 2023

**TXO SYSTEMS LTD**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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

**Principal activities**

The principal activity of the company and group continued to be that of selling telecommunications equipment.

**Results and dividends**

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

**Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs R Ockenden	(Resigned 20 June 2023)
Mr A Ockenden	(Resigned 20 June 2023)
Mrs A Pritchard	(Resigned 20 June 2023)
Mr C Coakley	(Resigned 20 June 2023)
Mr D L Pearce	
Mr S G Griffiths	
Mr D R Williams	(Resigned 10 November 2023)

**Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Employee involvement**

The group's policy is to consult and discuss with employees, through company and staff meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

**Auditor**

UHY Hacker Young have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**TXO SYSTEMS LTD****DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023****Energy and carbon report**

The group is classified as a large unquoted company within the Streamlined Energy and Carbon Reporting (SECR) regulations and is therefore required to submit a SECR report as part of its financial statements. Energy usage covered in this disclosure covers the group's UK activities, comprising TXO Systems Limited and its subsidiary, MMX Communications Systems Limited.

Since the investment in the group by TowerBrook Capital Partners, the group has undertaken an exercise to more fully assess its carbon footprint. This included estimations of scope 1, 2 and upstream scope 3 emissions generated from the group's UK operations. This incorporates emissions from a far broader array of the group's UK operations, for example it includes emissions from carriage, new product sales, travel and office operations, as well from direct energy consumption.

The UK element of this is disclosed below, along with a recalculated comparative for the FY22 period.

*Emissions Data*

	<b>FY23</b>	<b>FY22</b> <i>(recalculated)</i>		
	<b>tCO2e</b>	<b>tCO2e</b>		
CO2 Emissions	3,588	3,570		

*Intensity measurement*

	<b>FY23</b>	<b>FY22</b> <i>(recalculated)</i>
Total Emissions (tCO2e)	3,588	3,570
Turnover from UK entities (£m)	31.7	29.6
<b>Intensity Ratio (tCO2e per £m)</b>	<b>113.1</b>	<b>120.6</b>

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £m of revenue generated from the UK entities.

*Energy Data*

Energy consumption from electricity and gas is detailed in the table below.

Each energy type is quantified in megawatt hours (MWh) with associated Greenhouse Gas (GHG) emissions quantified as tonnes of carbon dioxide equivalent (tCO2e). GHG emissions for the current year figures were calculated using UK Government conversion factors.

*Current and Prior Year tCO2e and MWh split by fuel type*

	<b>FY23</b>		<b>FY22</b>	
<b>Energy Type</b>	<b>tCO2e</b>	<b>MWh</b>	<b>tCO2e</b>	<b>MWh</b>
Electricity	81.9	423.6	95.0	491.4
Gas	95.5	530.5	69.5	386.3
<b>Total</b>	<b>177.4</b>	<b>954.1</b>	<b>164.5</b>	<b>877.7</b>

**TXO SYSTEMS LTD**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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*Measures taken to improve energy efficiency*

Reduction of energy consumption is critical to the TXO Group, not only for short- to medium-term cost reduction purposes but also as a central element of long-term carbon reduction and Net Zero strategies to maintain alignment with future legislation imposed by UK Government.

The Group aims to be Net Zero by 2040 and, therefore, is focused on measurement of what is being emitted and where we can make immediate savings. Since the investment into the group by TowerBrook, the group has undertaken several initiatives to increase its focus on sustainability and Net Zero. In addition to the Carbon Footprint study undertaken, the Directors were delighted to welcome Dorothee D'Herde onto the Board of the Group's Holding Company. Dorothee brings vast experience in sustainability and responsible business and will bring valuable insight and perspective to the Board in these important areas.

A number of energy reduction projects have been completed throughout manufacturing and office facilities, the most prominent of these being:

- Solar Panel installation - During the year the installation of a significant volume of solar panels was undertaken at the Group's main facility in Chepstow. It is estimated that the panels will reduce electricity drawn from the grid by in excess of 50% at current consumption levels. Installation completed towards the end of the FY23 financial year, so the full impact will be from FY24 onwards.
- LED Lighting installation - Our work to upgrade lighting to energy efficient LED systems has continued across our facilities, reducing the electricity taken to light our premises.
- Consideration of efficiency ratings when procuring equipment for use in the business.

*Future Energy Reduction Plans*

Going forward the group will continue to identify and, if feasible, implement energy reduction measures as part of its sustainability strategy.

Since the year end, electric vehicle charging capability has been installed at both the Chepstow and US facilities, the former being solar capability to work in harmony with the existing solar panel installation.

Additional solar panel capacity is currently being considered for other buildings on the Chepstow site. The group is also exploring battery storage solutions, which would allow surplus electricity generated outside of working hours to be used by the group at times of peak demand. This would help maximise the level of electricity used from our own sources.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr S G Griffiths  
**Director**

21 December 2023

**TXO SYSTEMS LTD**

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2023**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

## **TXO SYSTEMS LTD**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TXO SYSTEMS LTD**

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#### **Opinion**

We have audited the financial statements of TXO Systems Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### **Other information**

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

We have nothing to report in this regard.

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

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

**TXO SYSTEMS LTD**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF TXO SYSTEMS LTD**

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

**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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and parent company through discussions with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and parent company, including the Companies Act 2006;
- we assessed the extent of compliance with laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group and parent company's financial statements to material misstatements, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**TXO SYSTEMS LTD**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF TXO SYSTEMS LTD**

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To address risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from the financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 group and parent 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 group and parent 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.

**Mr John Griffiths (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

21 December 2023

**Chartered Accountants**  
**Statutory Auditor**

Newport  
Gwent  
United Kingdom

**TXO SYSTEMS LTD**

**GROUP PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2023**

		Excluding exceptional items	Exceptional items, share based payments	Total	Excluding exceptional items	Exceptional items, share based payments	Total
		2023	and goodwill amortisation 2023 (Note 5)	2023	2022	and goodwill amortisation 2022 (Note 5)	2022
	Notes	£	£	£	£	£	£
<b>Turnover</b>	<b>3</b>	52,639,239	-	52,639,239	44,978,166	-	44,978,166
Cost of sales		(31,146,970)	-	(31,146,970)	(26,597,382)	-	(26,597,382)
<b>Gross profit</b>		21,492,269	-	21,492,269	18,380,784	-	18,380,784
Administrative expenses		(14,656,883)	(5,512,257)	(20,169,140)	(12,757,780)	(619,762)	(13,377,542)
<b>Operating profit</b>	<b>4</b>	6,835,386	(5,512,257)	1,323,129	5,623,004	(619,762)	5,003,242
Interest receivable and similar income	<b>9</b>	21,233	-	21,233	14,124	-	14,124
Interest payable and similar expenses	<b>10</b>	(15,155)	-	(15,155)	(17,136)	-	(17,136)
<b>Profit before taxation</b>		6,841,464	(5,512,257)	1,329,207	5,619,992	(619,762)	5,000,230
<b>Tax on profit</b>	<b>11</b>	2,173,512	-	2,173,512	(730,781)	-	(730,781)
<b>Profit for the financial year</b>		9,014,976	(5,512,257)	3,502,719	4,889,211	(619,762)	4,269,449

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**TXO SYSTEMS LTD**

**GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

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	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	3,502,719	4,269,449
<b>Other comprehensive income</b>		
Currency translation gain taken to retained earnings	4,643	442,119
<b>Total comprehensive income for the year</b>	<u>3,507,362</u>	<u>4,711,568</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

**TXO SYSTEMS LTD**

**GROUP BALANCE SHEET**

**AS AT 30 JUNE 2023**

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	<b>13</b>		1,754,643		2,051,194
Other intangible assets	<b>13</b>		356,828		319,129
Total intangible assets			2,111,471		2,370,323
Tangible assets	<b>14</b>		1,015,087		799,039
			3,126,558		3,169,362
<b>Current assets</b>					
Stocks	<b>18</b>	1,764,633		1,450,325	
Debtors	<b>19</b>	27,123,274		15,129,543	
Cash at bank and in hand		8,000,162		5,835,583	
		36,888,069		22,415,451	
<b>Creditors: amounts falling due within one year</b>	<b>20</b>	(21,116,356)		(13,457,387)	
<b>Net current assets</b>			15,771,713		8,958,064
<b>Total assets less current liabilities</b>			18,898,271		12,127,426
<b>Creditors: amounts falling due after more than one year</b>	<b>21</b>		(139,691)		(154,913)
<b>Provisions for liabilities</b>					
Deferred tax liability	<b>24</b>	97,650	(97,650)	211,687	(211,687)
<b>Net assets</b>			18,660,930		11,760,826
<b>Capital and reserves</b>					
Called up share capital	<b>25</b>		23,849		18,950
Share premium account			3,358,984		-
Capital redemption reserve			1,050		1,050
Profit and loss reserves			15,277,047		11,740,826
<b>Total equity</b>			18,660,930		11,760,826

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

Mr S G Griffiths  
**Director**

Company registration number 05479601 (England and Wales)

**TXO SYSTEMS LTD**

**COMPANY BALANCE SHEET**

**AS AT 30 JUNE 2023**

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	<b>13</b>		117,801		93,653
Tangible assets	<b>14</b>		620,764		511,083
Investments	<b>15</b>		4,274,324		4,274,324
			<u>5,012,889</u>		<u>4,879,060</u>
<b>Current assets</b>					
Stocks	<b>18</b>	849,156		712,300	
Debtors	<b>19</b>	16,116,139		8,688,291	
Cash at bank and in hand		6,144,893		2,984,048	
			<u>23,110,188</u>		<u>12,384,639</u>
<b>Creditors: amounts falling due within one year</b>	<b>20</b>	(13,038,130)		(8,406,845)	
<b>Net current assets</b>			<u>10,072,058</u>		<u>3,977,794</u>
<b>Total assets less current liabilities</b>			<u>15,084,947</u>		<u>8,856,854</u>
<b>Creditors: amounts falling due after more than one year</b>	<b>21</b>		(139,691)		(154,913)
<b>Provisions for liabilities</b>	<b>24</b>		-		(138,154)
<b>Net assets</b>			<u><u>14,945,256</u></u>		<u><u>8,563,787</u></u>
<b>Capital and reserves</b>					
Called up share capital	<b>25</b>		23,849		18,950
Share premium account			3,358,984		-
Capital redemption reserve			1,050		1,050
Profit and loss reserves			11,561,373		8,543,787
<b>Total equity</b>			<u><u>14,945,256</u></u>		<u><u>8,563,787</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,988,727 (2022 - £3,825,010 profit).

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

Mr S G Griffiths  
**Director**

**Company Registration No. 05479601**

**TXO SYSTEMS LTD**

**GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 July 2021</b>		18,950	-	1,050	12,706,047	12,726,047
<b>Year ended 30 June 2022:</b>						
Profit for the year		-	-	-	4,269,449	4,269,449
Other comprehensive income:						
Currency translation differences on overseas subsidiaries		-	-	-	442,119	442,119
Total comprehensive income for the year		-	-	-	4,711,568	4,711,568
Dividends	<b>12</b>	-	-	-	(6,000,000)	(6,000,000)
Credit to equity for equity settled share-based payments	<b>26</b>	-	-	-	323,211	323,211
<b>Balance at 30 June 2022</b>		18,950	-	1,050	11,740,826	11,760,826
<b>Year ended 30 June 2023:</b>						
Profit for the year		-	-	-	3,502,719	3,502,719
Other comprehensive income:						
Currency translation differences on overseas subsidiaries		-	-	-	4,643	4,643
Total comprehensive income for the year		-	-	-	3,507,362	3,507,362
Issue of share capital	<b>25</b>	4,899	3,358,984	-	-	3,363,883
Credit to equity for equity settled share-based payments	<b>26</b>	-	-	-	28,859	28,859
<b>Balance at 30 June 2023</b>		23,849	3,358,984	1,050	15,277,047	18,660,930

The capital redemption reserve represents the required transfer in accordance with the Companies Act 2006 following the repurchases of the parent company's own shares out of distributable profits.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**TXO SYSTEMS LTD**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£
<b>Balance at 1 July 2021</b>	18,950	-	1,050	10,395,566	10,415,566
<b>Year ended 30 June 2022:</b>					
Profit and total comprehensive income for the year	-	-	-	3,825,010	3,825,010
Dividends	12	-	-	(6,000,000)	(6,000,000)
Credit to equity for equity settled share-based payments	26	-	-	323,211	323,211
<b>Balance at 30 June 2022</b>	18,950	-	1,050	8,543,787	8,563,787
<b>Year ended 30 June 2023:</b>					
Profit and total comprehensive income for the year	-	-	-	2,988,727	2,988,727
Issue of share capital	25	4,899	3,358,984	-	3,363,883
Credit to equity for equity settled share-based payments	26	-	-	28,859	28,859
<b>Balance at 30 June 2023</b>	23,849	3,358,984	1,050	11,561,373	14,945,256

The capital redemption reserve represents the required transfer in accordance with the Companies Act 2006 following the repurchases of the company's own shares out of distributable profits.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**TXO SYSTEMS LTD**

**GROUP STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023		2022	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	1,255,440		6,809,196	
Interest paid		(15,155)		(17,136)	
Income taxes paid		(1,507,033)		(624,136)	
<b>Net cash (outflow)/inflow from operating activities</b>		<u>(266,748)</u>		<u>6,167,924</u>	
<b>Investing activities</b>					
Purchase of intangible assets		(188,569)		(198,839)	
Purchase of tangible fixed assets		(668,928)		(412,323)	
Interest received		21,233		14,124	
<b>Net cash used in investing activities</b>		<u>(836,264)</u>		<u>(597,038)</u>	
<b>Financing activities</b>					
Proceeds from issue of shares		3,363,883		-	
Payment of finance leases obligations		(96,292)		(117,715)	
Dividends paid to equity shareholders		-		(6,000,000)	
<b>Net cash generated from/(used in) financing activities</b>		<u>3,267,591</u>		<u>(6,117,715)</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>2,164,579</u>		<u>(546,829)</u>	
Cash and cash equivalents at beginning of year		5,835,583		6,382,412	
<b>Cash and cash equivalents at end of year</b>		<u><u>8,000,162</u></u>		<u><u>5,835,583</u></u>	

## TXO SYSTEMS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### **1 Accounting policies**

##### **Company information**

TXO Systems Ltd (“the company”) is a private limited company domiciled and incorporated in England and Wales. The registered office is Finance & Administration Department, Unit 3, Severn Cross Distribution Park, Newhouse Farm Industrial Estate, Chepstow, Monmouthshire, NP16 6UP.

The group consists of TXO Systems Ltd and all of its subsidiaries.

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

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 ‘Statement of Financial Position’: Reconciliation of the opening and closing number of shares;
- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’: Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 ‘Share based Payment’: Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The consolidated financial statements incorporate those of TXO Systems Ltd and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 June 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

##### **1.2 Going concern**

The Board remains positive that as a critical product and service provider to a globally spread telecommunication infrastructure customer base, that has not been unduly impacted by multiple recent events, that continuing trade remains protected and positive. As such the board’s assessment is that the going concern basis remains appropriate.

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**1 Accounting policies** **(Continued)**

**1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

**1.4 Research and development expenditure**

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

**1.5 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

**1.6 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	3 years
Domain name	10 years
Website costs	10 years

**1.7 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**1 Accounting policies** **(Continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold	10% and 33% straight line
Plant and machinery	33% straight line
Fixtures and fittings	10%, 20% and 33% straight line
Motor vehicles	16% and 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

**1.8 Fixed asset investments**

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses are recognised immediately in profit or loss.

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

**1.9 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**1.10 Financial instruments**

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

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

**1.11 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**1 Accounting policies**

**(Continued)**

**1.12 Derivatives**

The group enters into foreign exchange forward contracts in order to manage its exposure to foreign exchange risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

**1.13 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.14 Employee benefits**

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.15 Retirement benefits**

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

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**1 Accounting policies**

**(Continued)**

**1.16 Share-based payments**

The group has issued equity-settled share options to certain employees.

Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. A corresponding adjustment is made to equity.

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

**1.17 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

**1.18 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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

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

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

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Stock valuation**

At the year end the group had stock of £1,764,633 (2022: £1,450,325). As noted at 1.9 above, stocks are valued at the lower of cost and estimated selling price. The allocation of cost involves considerable exercise of judgement because elements of stock are bought as a "bundle" of many components and it is not practicable to accurately allocate cost to individual components. The board believes that this is the most appropriate way of accounting for stock, however this involves considerable management judgement.

**Revenue recognition**

As noted in 1.3 above, revenue from contracts is recognised by reference to the stage of completion, this inevitably involves the directors making estimates about the total anticipated costs of contracts and the future costs; these estimates can have a significant effect on revenue recognition and profit.

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Stock provision**

At the year end the group had stock of £1,764,633 (2022: £1,450,325). As noted at 1.9 above, stocks are valued at the lower of cost and estimated selling price (Net Realisable Value). The NRV includes management's estimate of the provision required for slow moving or obsolete stock. Provision is made for all components that have been held in stock for twelve months or more. The total provision at 30 June 2023 was £1,669,739 (2022: £1,362,273). The board believes that this is the most appropriate way of accounting for stock, however this involves considerable estimation uncertainty.

**Development costs**

Development costs are capitalised when the directors believe that the technical, commercial and financial feasibility can be demonstrated. At 30 June 2023 £731,222 (30 June 2022: £579,753) of development costs had been capitalised.

Capitalised development costs are being amortised over 3 years.

The assessment of technical, commercial and financial feasibility involves significant judgement. The choice of useful economic life also includes significant judgement and the choice of life can have a significant effect on the company's results.

**TXO SYSTEMS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023****3 Turnover and other revenue**

An analysis of the group's turnover is as follows:

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Product sales	40,140,739	34,602,690
Services	12,498,500	10,375,476
	<u>52,639,239</u>	<u>44,978,166</u>
	2023	2022
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom and Europe	27,447,793	27,122,967
United States of America	12,731,188	6,050,877
Rest of World	12,460,258	11,804,322
	<u>52,639,239</u>	<u>44,978,166</u>
	2023	2022
	£	£
<b>Other revenue</b>		
Interest income	21,233	14,124
	<u>21,233</u>	<u>14,124</u>

**4 Operating profit**

	2023	2022
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	71,272	156,847
Depreciation of owned tangible fixed assets	384,576	247,842
Depreciation of tangible fixed assets held under finance leases	65,656	84,290
Amorisation of intangible assets	447,315	423,122
Cost of stocks recognised as an expense	25,257,853	21,583,581
Exceptional items (see note 5)	5,512,257	619,762
Operating lease charges	947,082	867,797
	<u>31,076,901</u>	<u>24,783,248</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £295,648 (2022 - £19,325).

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

<b>5 Exceptional costs/(income)</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Share based payments	28,859	323,211
Goodwill amortisation	296,551	296,551
Acquisition related costs	5,186,847	-
Total exceptional costs included within operating profit	<u>5,512,257</u>	<u>619,762</u>
Total exceptional costs	<u><u>5,512,257</u></u>	<u><u>619,762</u></u>

Share based payments of £28,859 (2022: £323,211) from share options granted in the previous year but vested over a 2 year period were incurred by the Group.

Goodwill amortisation of £296,551 (2022: £296,551) in relation to the acquisition of subsidiary MMX Communications Services Limited was incurred during the year.

Acquisition related costs are in relation to legal and professional fees and salary costs incurred during the management buyout of the Group.

<b>6 Auditor's remuneration</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	20,250	18,750
Audit of the financial statements of the company's subsidiaries	27,750	28,000
	<u>48,000</u>	<u>46,750</u>
<b>For other services</b>		
Taxation compliance services	2,750	2,000
Other taxation services	9,910	9,375
All other non-audit services	3,798	5,800
	<u>16,458</u>	<u>17,175</u>

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

**7 Employees**

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

	<b>Group 2023 Number</b>	<b>2022 Number</b>	<b>Company 2023 Number</b>	<b>2022 Number</b>
Sales staff	53	44	25	21
Warehouse staff	113	102	55	55
Finance and administration staff	71	65	39	36
Field operation staff	27	25	-	-
Total	<u>264</u>	<u>236</u>	<u>119</u>	<u>112</u>

Their aggregate remuneration comprised:

	<b>Group 2023 £</b>	<b>2022 £</b>	<b>Company 2023 £</b>	<b>2022 £</b>
Wages and salaries	14,440,811	9,913,853	8,512,665	5,195,319
Social security costs	2,094,877	1,071,470	1,390,405	538,105
Pension costs	428,424	360,083	214,176	195,537
Total	<u>16,964,112</u>	<u>11,345,406</u>	<u>10,117,246</u>	<u>5,928,961</u>

**8 Directors' remuneration**

	<b>2023 £</b>	<b>2022 £</b>
Remuneration for qualifying services	3,653,729	604,449
Company pension contributions to defined contribution schemes	38,760	38,760
Total	<u>3,692,489</u>	<u>643,209</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 3).

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

	<b>2023 £</b>	<b>2022 £</b>
Remuneration for qualifying services	2,307,865	235,627
Company pension contributions to defined contribution schemes	16,958	16,958
Total	<u>2,324,823</u>	<u>252,585</u>

**TXO SYSTEMS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023****9 Interest receivable and similar income**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	21,233	14,124
	<u>21,233</u>	<u>14,124</u>

**10 Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	10,249	7,468
Interest on finance leases and hire purchase contracts	4,906	5,665
Other interest	-	4,003
	<u>15,155</u>	<u>17,136</u>

**11 Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	232,613	714,463
Adjustments in respect of prior periods	(734,567)	(23,168)
	<u>(501,954)</u>	<u>691,295</u>
Total UK current tax	(501,954)	691,295
Foreign current tax on profits for the current period	805,990	(19,791)
	<u>304,036</u>	<u>671,504</u>
Total current tax	304,036	671,504
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,473,850)	22,939
Changes in tax rates	-	32,646
Adjustment in respect of prior periods	(3,698)	3,692
	<u>(2,477,548)</u>	<u>59,277</u>
Total deferred tax	(2,477,548)	59,277
Total tax (credit)/charge	<u>(2,173,512)</u>	<u>730,781</u>

**TXO SYSTEMS LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023****11 Taxation****(Continued)**

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

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Profit before taxation	1,329,207	5,000,230
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	272,487	950,044
Tax effect of expenses that are not deductible in determining taxable profit	379,618	139,031
Tax effect of income not taxable in determining taxable profit	-	(519)
Tax effect of utilisation of tax losses not previously recognised	622,117	-
Adjustments in respect of prior years	(738,265)	(19,476)
Effect of change in corporation tax rate	(442,806)	33,566
Permanent capital allowances in excess of depreciation	(16,350)	(26,931)
Depreciation on assets not qualifying for tax allowances	-	766
Research and development tax credit	-	(117,468)
Other permanent differences	(2,408,673)	3,318
Effect of overseas tax rates	158,360	(274,265)
Revenue items capitalised	-	42,715
Taxation (credit)/charge	(2,173,512)	730,781
<b>12 Dividends</b>	<b>2023</b>	<b>2022</b>
Recognised as distributions to equity holders:	<b>£</b>	<b>£</b>
Interim paid	-	6,000,000

TXO SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023

13 Intangible fixed assets

Group	Goodwill	Development costs	Domain name costs	Website costs	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 July 2022	2,965,514	579,753	24,993	83,639	3,653,899
Additions	-	151,469	2,750	34,350	188,569
Exchange adjustments	-	-	(106)	-	(106)
At 30 June 2023	2,965,514	731,222	27,637	117,989	3,842,362
<b>Amortisation and impairment</b>					
At 1 July 2022	914,320	355,879	4,689	8,688	1,283,576
Amorisation charged for the year	296,551	137,661	2,695	10,408	447,315
At 30 June 2023	1,210,871	493,540	7,384	19,096	1,730,891
<b>Carrying amount</b>					
At 30 June 2023	1,754,643	237,682	20,253	98,893	2,111,471
At 30 June 2022	2,051,194	223,874	20,304	74,951	2,370,323
<b>Company</b>			<b>Domain name costs</b>	<b>Website costs</b>	<b>Total</b>
			£	£	£
<b>Cost</b>					
At 1 July 2022			23,378	83,639	107,017
Additions			2,750	34,350	37,100
At 30 June 2023			26,128	117,989	144,117
<b>Amortisation and impairment</b>					
At 1 July 2022			4,676	8,688	13,364
Amorisation charged for the year			2,544	10,408	12,952
At 30 June 2023			7,220	19,096	26,316
<b>Carrying amount</b>					
At 30 June 2023			18,908	98,893	117,801
At 30 June 2022			18,702	74,951	93,653

TXO SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023

14 Tangible fixed assets

Group	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 July 2022	350,137	377,606	1,627,994	387,567	2,743,304
Additions	184,866	160,523	258,898	64,641	668,928
Transfers	-	(23,391)	23,391	-	-
Exchange adjustments	1,100	(3,386)	3,174	-	888
At 30 June 2023	536,103	511,352	1,913,457	452,208	3,413,120
<b>Depreciation and impairment</b>					
At 1 July 2022	255,475	299,383	1,208,765	180,642	1,944,265
Depreciation charged in the year	24,067	104,995	236,852	84,318	450,232
Transfers	-	(1,930)	1,930	-	-
Exchange adjustments	278	519	2,739	-	3,536
At 30 June 2023	279,820	402,967	1,450,286	264,960	2,398,033
<b>Carrying amount</b>					
At 30 June 2023	256,283	108,385	463,171	187,248	1,015,087
At 30 June 2022	94,662	78,223	419,229	206,925	799,039
<b>Company</b>					
<b>Cost</b>					
At 1 July 2022	279,311	243,972	1,117,673	387,566	2,028,522
Additions	183,442	92,021	121,874	1,301	398,638
At 30 June 2023	462,753	335,993	1,239,547	388,867	2,427,160
<b>Depreciation and impairment</b>					
At 1 July 2022	212,198	231,240	893,359	180,642	1,517,439
Depreciation charged in the year	20,337	66,404	130,214	72,002	288,957
At 30 June 2023	232,535	297,644	1,023,573	252,644	1,806,396
<b>Carrying amount</b>					
At 30 June 2023	230,218	38,349	215,974	136,223	620,764
At 30 June 2022	67,113	12,732	224,314	206,924	511,083

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

**14 Tangible fixed assets** **(Continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Motor vehicles	62,980	206,314	62,980	206,314
	<u>62,980</u>	<u>206,314</u>	<u>62,980</u>	<u>206,314</u>

**15 Fixed asset investments**

		<b>Group</b>		<b>Company</b>	
	<b>Notes</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investments in subsidiaries	16	-	-	4,274,324	4,274,324
		<u>-</u>	<u>-</u>	<u>4,274,324</u>	<u>4,274,324</u>

**Movements in fixed asset investments**

<b>Company</b>	<b>Shares in subsidiaries</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 July 2022 and 30 June 2023	4,274,324
	<u>4,274,324</u>
<b>Carrying amount</b>	
At 30 June 2023	4,274,324
	<u>4,274,324</u>
At 30 June 2022	4,274,324
	<u>4,274,324</u>

**16 Subsidiaries**

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

<b>Name of undertaking</b>	<b>Country of incorporation</b>	<b>Nature of business</b>	<b>Class of shares held</b>	<b>% Held</b>	
				<b>Direct</b>	<b>Indirect</b>
MMX Communications Services Limited	United Kingdom	Sale of telecom equipment and services	Ordinary A	100.00	0
TXO Systems Inc	United States of America	Sale of telecom equipment	Ordinary	100.00	0
TXO Systems Limitada	Brazil	Sale of telecom equipment	Ordinary	100.00	0
TXO Systems Pty	Australia	Sale of telecom equipment	Ordinary	100.00	0
TXO Systems SAS	France	Sale of telecom equipment	Ordinary	100.00	0
TXO Systems AB	Sweden	Sale of telecom equipment	Ordinary	100.00	0

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

**16 Subsidiaries**

**(Continued)**

The registered office of TXO Systems Inc is 7447 New Ridge Road, Unit A, Hanover, Maryland, 21076, United States of America.

The registered office of TXO Systems Limitada is Rua Joao Guilherme 503, Taroba, CNPJ:18.276.508/000182, Londrina, Parana 86042-290, Brazil.

The registered office of TXO Systems Pty is 95 Pitt Street, Sydney, NSW 2000.

The registered office of MMX Communications Services Limited is Unit 100 Solar Park Highlands Road, Shirley, Solihull, West Midlands, B90 4SH.

The registered office of TXO Systems SAS is Rue Marie Sklodowska Curie, 95150 Taverny, France.

The registered office of TXO Systems AB is Skjulstagatan 10, 632 29, Eskilstuna, Sweden.

**17 Financial instruments**

	<b>Group 2023</b>	<b>2022</b>	<b>Company 2023</b>	<b>2022</b>
	£	£	£	£
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	18,868,083	11,576,346	n/a	n/a
Instruments measured at fair value through profit or loss	86,854	-	86,854	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss				
- Other financial liabilities	-	137,522	-	137,522
Measured at amortised cost	17,105,780	12,109,518	n/a	n/a
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

**18 Stocks**

	<b>Group 2023</b>	<b>2022</b>	<b>Company 2023</b>	<b>2022</b>
	£	£	£	£
Finished goods and goods for resale	1,764,633	1,450,325	849,156	712,300
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

**19 Debtors**

	<b>Group 2023</b>	<b>2022</b>	<b>Company 2023</b>	<b>2022</b>
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	9,251,152	8,176,814	2,752,846	2,324,880
Gross amounts owed by contract customers	3,807,615	2,370,778	-	-
Corporation tax recoverable	862,097	-	862,097	-
Amounts owed by group undertakings	4,863,883	-	5,059,331	3,006,120
Derivative financial instruments	86,854	-	86,854	-
Other debtors	5,040,099	3,546,594	4,763,059	3,142,840
Prepayments and accrued income	708,371	895,665	228,441	214,451
	<u>24,620,071</u>	<u>14,989,851</u>	<u>13,752,628</u>	<u>8,688,291</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	139,692	139,692	-	-
Deferred tax asset (note 24)	2,363,511	-	2,363,511	-
	<u>2,503,203</u>	<u>139,692</u>	<u>2,363,511</u>	<u>-</u>
<b>Total debtors</b>	<u>27,123,274</u>	<u>15,129,543</u>	<u>16,116,139</u>	<u>8,688,291</u>

**20 Creditors: amounts falling due within one year**

		<b>Group 2023</b>	<b>2022</b>	<b>Company 2023</b>	<b>2022</b>
	Notes	£	£	£	£
Obligations under finance leases	22	15,222	96,292	15,222	96,292
Trade creditors		2,052,337	2,385,724	926,267	1,305,129
Amounts owed to group undertakings		-	-	606,040	-
Corporation tax payable		266,834	607,734	-	426,998
Other taxation and social security		3,883,433	757,526	3,329,851	153,566
Derivative financial instruments		-	137,522	-	137,522
Other creditors		6,080,368	2,581,454	1,528,941	726,310
Accruals and deferred income		8,818,162	6,891,135	6,631,809	5,561,028
		<u>21,116,356</u>	<u>13,457,387</u>	<u>13,038,130</u>	<u>8,406,845</u>

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

**21 Creditors: amounts falling due after more than one year**

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Obligations under finance leases	22	-	15,222	-	15,222
Other creditors		139,691	139,691	139,691	139,691
		<u>139,691</u>	<u>154,913</u>	<u>139,691</u>	<u>154,913</u>

**22 Finance lease obligations**

	Group 2023 £	2022 £	Company 2023 £	2022 £
Future minimum lease payments due under finance leases:				
Within one year	15,222	96,292	15,222	96,292
In two to five years	-	15,222	-	15,222
	<u>15,222</u>	<u>111,514</u>	<u>15,222</u>	<u>111,514</u>

Finance lease payments represent rentals payable by the company or group for certain items of motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**23 Retirement benefit schemes**

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>428,424</u>	<u>360,083</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the year end there were outstanding contributions of £59,085 (2022: £56,598).

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

**24 Deferred taxation**

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities 2023</b>	<b>Liabilities 2022</b>	<b>Assets 2023</b>	<b>Assets 2022</b>
<b>Group</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	99,515	219,216	(128,330)	-
Tax losses	-	-	2,487,602	-
Retirement benefit obligations	(1,865)	(5,645)	4,239	-
Unpaid provisions	-	(1,884)	-	-
	<u>97,650</u>	<u>211,687</u>	<u>2,363,511</u>	<u>-</u>
	<u><u>97,650</u></u>	<u><u>211,687</u></u>	<u><u>2,363,511</u></u>	<u><u>-</u></u>
	<b>Liabilities 2023</b>	<b>Liabilities 2022</b>	<b>Assets 2023</b>	<b>Assets 2022</b>
<b>Company</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	-	141,912	(128,330)	-
Tax losses	-	-	2,487,602	-
Retirement benefit obligations	-	(3,758)	4,239	-
	<u>-</u>	<u>138,154</u>	<u>2,363,511</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>138,154</u></u>	<u><u>2,363,511</u></u>	<u><u>-</u></u>
			<b>Group 2023</b>	<b>Company 2023</b>
			<b>£</b>	<b>£</b>
<b>Movements in the year:</b>				
Liability at 1 July 2022			211,687	138,154
Credit to profit or loss			(2,477,548)	(2,501,665)
Asset at 30 June 2023			<u>(2,265,861)</u>	<u>(2,363,511)</u>
			<u><u>(2,265,861)</u></u>	<u><u>(2,363,511)</u></u>

The deferred tax asset set out above relates predominantly to losses carried forward and this is expected to reverse when the group and company achieves sufficient profits to offset these losses.

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**25 Share capital**

	Group and company	
	2023	2022
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
641,496 Ordinary class A shares of 1p each	6,415	6,415
621,496 Ordinary class B shares of 1p each	6,215	6,215
460,000 Ordinary class C shares of 1p each	4,600	4,600
172,008 Ordinary class F shares of 1p each	1,720	1,720
70,000 Ordinary class G shares of 1p each	700	-
129,028 Ordinary class H shares of 1p each	1,290	-
40,000 Ordinary class J shares of 1p each	400	-
134,444 Ordinary class K shares of 1p each	1,344	-
10,000 Ordinary class L shares of 1p each	100	-
23,611 Ordinary class M shares of 1p each	236	-
59,028 Ordinary class N shares of 1p each	590	-
23,850 Ordinary class O shares of 1p each	239	-
	<u>23,849</u>	<u>18,950</u>

All shares have equal voting rights and rank pari passu.

During the year, the company issued 489,961 Ordinary class 1p shares at an exercise price ranging from £1.99 to £9.31. These were as a result of previously granted share options being exercised.

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

**26 Share-based payment transactions**

Group and company	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 July 2022	489,961	466,111	6.87	6.84
Granted	-	23,850	-	7.40
Exercised	(489,961)	-	(6.87)	-
Outstanding at 30 June 2023	-	489,961	-	6.87
Exercisable at 30 June 2023	-	230,000	-	4.30

All existing options previously granted were exercised during the year. No options were outstanding at 30 June 2023.

Group and company	Group		Company	
	2023 £	2022 £	2023 £	2022 £
<b>Expenses recognised in the year</b>				
Arising from equity settled share based payment transactions	28,859	323,211	28,859	323,211

**27 Operating lease commitments**

**Lessee**

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

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Within one year	873,894	621,251	243,148	-
Between two and five years	2,039,718	1,540,683	972,592	-
In over five years	28,178	111,469	-	-
	2,941,790	2,273,403	1,215,740	-

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**28 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2023	2022
	£	£
Aggregate compensation	-	857,055

**Other information**

The group has taken advantage of the exemption, under the terms of FRS102 section 33.1A, not to disclose related party transactions with wholly owned subsidiaries within the group.

At the year end, the company was owed £4,863,883 (2022: £nil) by TXO Delta Bidco Limited, its immediate parent company. The amount is included within debtors.

During the year, dividends of £nil (2022: £2,250,000) were paid to Mr A J Ockenden, dividends of £nil (2022: £2,250,000) were paid to Mrs R Ockenden and dividends of £nil (2022: £1,500,000) were paid to Mrs A Pritchard.

Certain former directors operate a pension scheme that owns properties which are rented to the company. During the year £112,288 (2022: £113,893) of rental payments were made to the pension scheme. At the year end the company owed £nil (2022: £34,168) to the Trustees of the TXO Systems Directors Pension Scheme. This is included within other creditors falling due within one year.

Mr A J Ockenden is the sole owner of ED&O Property Limited that owns properties which are rented by the company. During the year £136,282 (2022: £134,916) of rental payments were made by the company. At the year end, ED&O Property Limited was no longer a related party to the group.

**29 Controlling party**

The company's immediate parent company is TXO Delta Bidco Limited, a company registered in England and Wales.

The company's ultimate parent company is TXO Delta Topco Limited, a company registered in Jersey.

TXO Systems Limited is the parent of the smallest and largest group of which the company is a member and for which consolidated financial statements are prepared.

Copies of the consolidated financial statements of TXO Systems Limited are available from the company's registered office Finance & Administration Dept Unit 3 Severn Cross Distribution Park, Newhouse Farm Ind Estate, Chepstow, Monmouthshire, NP16 6UP.

The company has no ultimate controlling party.

**TXO SYSTEMS LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

**30 Cash generated from group operations**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Profit for the year after tax	3,502,719	4,269,449
<b>Adjustments for:</b>		
Taxation (credited)/charged	(2,173,512)	730,781
Finance costs	15,155	17,136
Investment income	(21,233)	(14,124)
Fair value (gain)/loss on derivatives	(224,376)	137,522
Amorisation and impairment of intangible assets	447,315	423,122
Depreciation and impairment of tangible fixed assets	450,232	332,132
Equity settled share based payment expense	28,859	323,211
Foreign exchange	7,397	442,232
<b>Movements in working capital:</b>		
Increase in stocks	(314,308)	(44,445)
Increase in debtors	(8,681,269)	(3,211,072)
Increase in creditors	8,218,461	3,403,252
<b>Cash generated from operations</b>	<u>1,255,440</u>	<u>6,809,196</u>

**31 Analysis of changes in net funds - group**

	<b>1 July 2022</b>	<b>Cash flows</b>	<b>30 June 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	5,835,583	2,164,579	8,000,162
Obligations under finance leases	(111,514)	96,292	(15,222)
	<u>5,724,069</u>	<u>2,260,871</u>	<u>7,984,940</u>

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