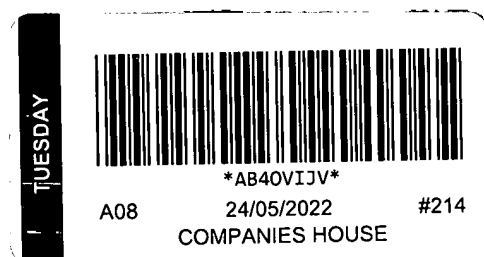


POWERSOLVE ELECTRONICS LIMITED

2136010

Annual report and financial statements

For the year ended 31 December 2021



POWERSOLVE ELECTRONICS LIMITED

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POWERSOLVE ELECTRONICS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P F Clark
M C Huckle
S Moss

COMPANY SECRETARY

S Moss

REGISTERED OFFICE

8A Arnhem Road
Newbury
Berkshire
RG14 5RU

BANKERS

Lloyds TSB Plc
5 Bridge Street
Newbury
Berkshire
RG14 5BQ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report and the audited financial statements of the company for the year ended 31 December 2021.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity is the supply of electronic power supply products.

There have been no significant changes in the company's principal activities during the year under review.

KEY PERFORMANCE INDICATORS

	2021 £'s	2020 £'s	% Change
Revenue	7,802,330	6,401,218	21.9%
Gross Profit	3,167,088	2,506,734	26.3%
Profit before income tax	1,363,316	794,533	71.6%

The company's statement of comprehensive income is shown on page 8.

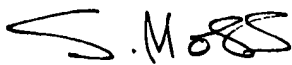
The statement of financial position, on page 9, shows the company's financial position at the year-end with net assets of £2,869,442 (2020: £2,405,027).

The company continues to be profitable with a strong order book as we enter 2022. With our broad product offering and excellent customer service we remain well placed to strive for future growth.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive market which is a continuing risk to the company and could result in losing sales to its key competitors. The company manages this risk by providing value added services to its customers, having fast response times to customer queries and maintaining strong relationships with its customers.

Approved by the board of directors and signed by order of the board by:



S. Moss
Company Secretary

19 May 2022

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

COVID-19 has presented challenges to the company and the directors were quick to react to them. The primary concern of the board has been to ensure the safety and wellbeing of our people, which has included the implementation of social distancing and the introduction of remote working for those who are able to do so. Protective equipment has been provided for those unable to work remotely. These measures have proved to be effective during the period and we continue to review and consider them along with published government guidance. The company remains well positioned to grow – primarily supported by strong cash generation, a robust balance sheet and significant pipeline orders into 2022.

GOING CONCERN

The directors believe that preparing the financial statements on the going concern basis is appropriate as it meets its capital requirements through its cash reserves and borrowings.

FUTURE OUTLOOK

The company continues to focus on producing value added solutions for its customers and management remains confident that the company will maintain current performance levels.

DIVIDENDS

An interim dividend of £4.12 per share amounting to £350,000 (2020: £350,000) was paid during the year.

The directors have proposed a final dividend of £6.47 (2020: £3.41) per ordinary share amounting to £550,000 (2020: £290,000).

CREDITOR PAYMENT TERMS

It is the company's normal practice to agree terms of transactions, including payment terms, with suppliers and, provided suppliers perform in accordance with the agreed terms, it is the company's policy that payment should be made accordingly.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks. The company considers the primary risks to be credit and currency risk.

Credit risk: the principle credit risk is that of non-payment for services supplied. Policies are in place to ensure that appropriate credit checks and monitoring of amounts due are performed.

Currency risk: the company monitors its exposure to movements in exchange rates. Where considered appropriate by the directors, forward exchange contracts are entered into to reduce the exposure to exchange rate fluctuations.

The company does not use derivative financial instruments for speculative purposes.

CHARITABLE DONATIONS

During the year the company made charitable donations of £10,000 (2020: £5,500) to the Greatwood Charity which provides care for retired racehorses and children with special needs.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

P F Clark
M C Huckle
S Moss

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

STATEMENT OF DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS

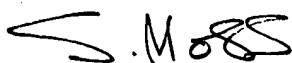
The directors confirm, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the board of directors and signed by order of the board by:



S Moss
Company Secretary
19 May 2022

Independent auditors' report to the members of Powersolve Electronics Limited

Report on the audit of the financial statements

Opinion

In our opinion, Powersolve Electronics Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Powersolve Electronics Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Independent auditors' report to the members of Powersolve Electronics Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and Tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 overstate revenue or understate expenses and management bias in accounting estimates or judgements. Audit procedures performed by the engagement team included:

- Discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations (impacting revenue or expenditure) or posted by Directors or key management.
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Powersolve Electronics Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Katherine Stent (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
19 May 2022

POWERSOLVE ELECTRONICS LIMITED

**Statement of comprehensive income for the year ended
31 December 2021**

	Note	2021 £	2020 £
Revenue	4	7,802,330	6,401,218
Cost of sales		(4,635,242)	(3,894,484)
Gross profit		3,167,088	2,506,734
Distribution costs		(62,793)	(55,779)
Administrative expenses		(1,710,923)	(1,625,846)
Operating profit	5	1,393,372	825,109
Finance income	7	91	6
Finance costs	8	(30,147)	(30,582)
Profit before income tax		1,363,316	794,533
Income tax expense	9	(258,901)	(150,571)
Profit for the financial year		1,104,415	643,962
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,104,415	643,962

All activities derive from continuing operations.

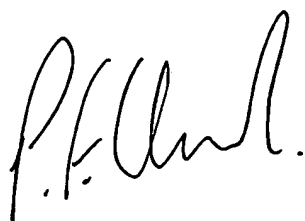
POWERSOLVE ELECTRONICS LIMITED

Statement of financial position as at 31 December 2021

	Note	2021 £	2020 £
Fixed Assets			
Property, plant and equipment	11	82,964	155,841
Investments	13	659,170	659,170
		742,134	815,011
Current assets			
Inventories	14	1,280,740	1,140,072
Trade and other receivables	15	2,345,493	1,395,527
Cash and cash equivalents		341,513	569,324
		3,967,746	3,104,923
Creditors - amounts falling due within one year	16	(1,807,735)	(1,485,194)
Net current assets		2,160,011	1,619,729
Total assets less current liabilities		2,902,145	2,434,740
Creditors – amounts falling due after more than one year	17	(32,703)	(29,713)
Net assets		2,869,442	2,405,027
Equity			
Called up share capital	19	85,000	85,000
Share premium account		1,892	1,892
Retained earnings		2,782,550	2,318,135
Total shareholders' funds		2,869,442	2,405,027

The notes on pages 11 to 28 are an integral part of these financial statements.

The financial statements on pages 8 to 28 were approved by the board of directors on 19 May 2022 and were signed on its behalf by:



P F Clark
Director

Powersolve Electronics Limited
Company registration number: 2136010

POWERSOLVE ELECTRONICS LIMITED

Statement of changes in equity for the year ended 31 December 2021

	Note	Called up share capital £	Share premium account £	Retained earnings £	Total Shareholders' funds £
Balance as at 1 January 2020		85,000	1,892	2,474,173	2,561,065
Profit for the financial year		-	-	643,962	643,962
Total comprehensive income for the year		-	-	643,962	643,962
Dividends paid	10	-	-	(800,000)	(800,000)
Balance as at 31 December 2020		85,000	1,892	2,318,135	2,405,027
Balance as at 1 January 2021		85,000	1,892	2,318,135	2,405,027
Profit for the financial year		-	-	1,104,415	1,104,415
Total comprehensive income for the year		-	-	1,104,415	1,104,415
Dividends paid	10	-	-	(640,000)	(640,000)
Balance as at 31 December 2021		85,000	1,892	2,782,550	2,869,442

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

1. GENERAL INFORMATION

Powersolve Electronics Limited is a distributor of electronic power supply products, including AC-DC, DC-DC, DC-AC, uninterruptible power supplies, lithium polymer primary cells, mobile power banks and solar USB chargers.

Power direct from the electricity grid is unsuitable for the equipment which it supplies. Powersolve Electronics Limited supplies power supply products which convert power into the right form for our individual customers' needs, allowing their electronic equipment to function.

Our customers are original equipment manufacturers who can be characterized as having expertise in their particular area, whether it be medical devices, communications or industrial automation but generally do not have in-house power supply expertise. Powersolve Electronics Limited provides this expertise and assists our customers to design in a suitable power supply from our extensive range of products that meet the customer's cost and technical requirements.

Powersolve Electronics Limited is a private limited company which is limited by shares and is incorporated and domiciled in the UK (England and Wales). The address of its registered office is 8A Arnhem Road, Newbury, Berkshire, RG14 5RU.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation.

The financial statements of Powersolve Electronics Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The financial statements are prepared on a going concern basis.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

IFRS 7 – 'Financial Instruments: Disclosures'.

IFRS 13 paragraph 91-99, 'Fair Value Measurement', (an entity shall disclose information that helps users of its financial statements to assess the company's fair value measurements).

IAS 1 paragraph 10(d) and IAS 7, 'Statement of cash flows'.

IAS 1 paragraphs 10(f) and 16, 'Accounting Policies'.

IAS 1 paragraph 79(a)(iv), 'Share Capital', (comparative information, for each class of share capital).

IAS 1 paragraphs 134-136, 'Capital management', (disclose information that enables users of these financial statements to evaluate the entity's objectives, policies and processes for managing capital).

IAS 8 paragraph 30 and 31 of (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

IAS 16 paragraph 73(e), 'Property, Plant and equipment', (reconciliation of the carrying amount at the beginning and end of the comparative period).

IAS 24 paragraph 17, 'Related party transactions', (an entity shall disclose key management personnel compensation in total and for each of the different categories).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IAS 24, 'Related party transactions', (disclose transactions between two or more members of a wholly owned group).

IAS 36 paragraphs 130(f)(ii),130(f)(iii),134(d) to 134(f),135(c) to 135(e), 'Impairment of Assets', (valuation techniques use for the measurement of fair value less costs of disposal and key assumptions used by management for determining fair value less costs of disposal, in the impairment assessment for Level 2 and Level 3 Fair Value category instruments).

Consolidation

As permitted by Section 401 of the Companies Act 2006, the company has not prepared consolidated financial statements as its ultimate parent company, XP Power Limited, incorporated in Singapore, prepares consolidated financial statements which include the results of all group companies. The financial statements therefore include information relating to Powersolve Electronics Limited only. The company's financial statements and the group's financial statements are drawn up in accordance with the provisions of the Seventh Directive (83/349EEC).

Powersolve Electronics Limited is a partially-owned subsidiary of XP Power Limited. The financial statements of XP Power Limited are publicly available.

These financial statements are separate financial statements.

At 31 December 2021 XP PLC was the immediate parent company of Powersolve Electronics Limited. The ultimate parent undertaking and controlling party was XP Power Limited. XP Power Limited was the smallest and largest group of which the company was a member and for which group financial statements were prepared. Copies of the financial statements can be obtained from the registered office at:

401 Commonwealth Drive
Haw Par Technocentre
Lobby B #02-02
Singapore 14958

XP Power Limited is a company incorporated in Singapore.

Going Concern

The company meets its day-to day working capital requirements through its cash reserves and borrowings. The current economic conditions, including the impact of COVID-19, create uncertainty particularly over the level of demand for the company's products. The company's forecasts and projections, taking into account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRS Interpretations Committee (IFRS IC) interpretations that are effective for the year ended 31 December 2021.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

The cost of property, plant and equipment includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Property, plant and equipment are stated on the balance sheet at historical cost less accumulated depreciation. Depreciation is provided at the following annual rates in order to write off each asset less its residual value over its estimated useful life.

Computer equipment	-	10% straight line
Fixtures and fittings	-	10% straight line
Plant & equipment	-	10% straight line
Motor vehicles	-	25% on reducing balance

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each accounting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Investments in subsidiaries

Investment in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are undertaken at least annually by the ultimate parent company XP Power Limited.

Inventory

Inventory is valued on a FIFO (first-in, first-out) basis at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial assets

Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, and Financial assets carried at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets carried at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's financial assets carried at amortised cost comprise receivables, cash and commercial paper in the statement of financial position.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the company commits to purchase or sell the asset. Financial assets carried at amortised cost are subsequently carried at amortised cost using the effective interest method.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

Assets carried at amortised cost. The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are shown within Creditors – amounts falling due within one year in current liabilities.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except for the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the United Kingdom, where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods have transferred to the customer and the customer has control of these. The company's activities are described in detail below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The company sells a range of electronic power supply products to our end customers. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Foreign currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Leases

The company leases offices, warehouses, and vehicles. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability using the modified retrospective approach. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following.

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs;
- and Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The company has elected to carry right-of-use assets at cost. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term. The respective leased assets are included in the balance sheet based on their nature, based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 6 represents contributions payable by the company to the fund.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Impairment of trade receivables

The company makes an estimate of the recoverable value of trade receivables. When assessing impairment of trade receivables, the company applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant when assessing expected credit losses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

Inventory provisioning

The company supplies electronic power products which are subject to changing customer demand. As a result it is necessary to consider the recoverability of the cost of the inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability and future usage.

4. REVENUE

Revenue is attributable to the supply of electronic power supply products. An analysis of revenue by destination is as follows:

	2021 £	2020 £
Revenue by geographical split		
United Kingdom	5,626,481	4,553,248
Europe	839,295	768,960
USA	703,970	642,947
Rest of world	632,584	436,063
	<u>7,802,330</u>	<u>6,401,218</u>

5. OPERATING PROFIT

	2021 £	2020 £
Operating profit is stated after charging/(crediting)		
The cost of inventories recognised as an expense in the year	3,963,390	3,512,956
Movement in inventory provision	44,203	(34,090)
Depreciation of tangible assets - owned assets (note 11)	2,350	11,143
Depreciation of Right-of-use assets: Offices and Warehouse (note 12)	73,096	73,095
Depreciation of Right-of-use assets: Vehicles(note 12)	40,410	38,724
Foreign exchange (gains)/losses	(34,908)	(11,271)
Bad debts	(517)	6,921
Staff costs (Note 6)	1,149,682	1,067,597
Services provided by the company's auditors: Fees paid to auditors – audit	<u>18,500</u>	<u>17,900</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6. DIRECTORS AND EMPLOYEES

	2021 £	2020 £
Directors' emoluments		
Aggregate emoluments	388,552	378,447
Company contributions to defined contribution scheme	11,323	11,267
	<u>399,875</u>	<u>389,714</u>

Retirement benefits are accruing to two directors under the company's defined contribution pension scheme (2020: two).

	2021 £	2020 £
Highest paid director		
Aggregate emoluments	188,859	181,567
	<u>188,859</u>	<u>181,567</u>

	2021 £	2020 £
Employee costs during the year (including executive directors)		
Wages and salaries	994,582	915,392
Social security costs	113,436	109,139
Other pension costs	41,664	43,066
	<u>1,149,682</u>	<u>1,067,597</u>

	2021 Number	2020 Number
Average monthly number of persons employed (including executive directors)		
Sales	7	7
Administration	7	8
	<u>14</u>	<u>15</u>

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

7. FINANCE INCOME

	2021	2020
	£	£
Bank interest receivable	89	-
Interest on deposits	2	6
	<u>91</u>	<u>6</u>

8. FINANCE COSTS

	2021	2020
	£	£
Bank interest and charges	27,081	24,554
Lease liabilities	3,066	6,028
	<u>30,147</u>	<u>30,582</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. INCOME TAX EXPENSE

	2021 £	2020 £
Current taxation		
United Kingdom Corporation Tax		
Current tax on income for the year at 19% (2020: 19%)	<u>255,991</u>	<u>152,426</u>
Deferred tax (note 18)		
Origination and reversal of timing differences	3,961	(1,681)
Effect of tax rate change on opening balances	(1,051)	(173)
	<u>258,901</u>	<u>150,572</u>
Tax on profit		
	<u>258,901</u>	<u>150,572</u>
Factors affecting tax charge for year		

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the United Kingdom: 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit before income tax	<u>1,363,316</u>	<u>794,533</u>
Profit before income tax multiplied by standard rate in the UK of 19% (2020: 19%)	259,030	150,961
Effects of:		
Income not taxable for tax purposes	-	(217)
Fixed asset timing difference	(245)	-
Expenses not deductible for tax purposes	217	-
Remeasurement of deferred tax for changes in tax rates	(101)	(173)
Total tax charge for the financial year	<u>258,901</u>	<u>150,571</u>

Factors affecting future tax charge

The tax rate for the current year is unchanged from the prior year.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

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

10. DIVIDENDS PAID

	2021 £	2020 £
Equity Ordinary		
Final paid 2020: £3.41 (2019:£5.29) per 1 share	290,000	450,000
Interim paid: £4.12 (2020:£4.12) per 1 share	350,000	350,000
	<u>640,000</u>	<u>800,000</u>

The proposed final dividend of £6.47 (2020: £3.41) per ordinary share amounting to £550,000 (2020: £290,000) was approved by shareholders at the Board Meeting 03 February 2022 and has not been included as a liability in these financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment £	Fixtures and Fittings £	Property Plant & Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2021	99,600	84,922	251,383	113,381	549,286
Additions	4,290	11,874	-	26,855	43,019
Re-classed	(3,231)	3,231	-	-	-
Disposals	(17,602)	(1,715)	-	-	(19,317)
At 31 December 2021	<u>83,057</u>	<u>98,312</u>	<u>251,383</u>	<u>140,236</u>	<u>572,988</u>
Accumulated depreciation					
At 1 January 2021	89,037	84,922	147,797	71,689	393,445
Charge for the year	1,523	792	73,130	40,411	115,856
Re-classed	(3,231)	3,231	-	-	-
Disposals	(17,562)	(1,715)	-	-	(19,277)
At 31 December 2021	<u>69,767</u>	<u>87,230</u>	<u>220,927</u>	<u>112,100</u>	<u>490,024</u>
Net book value At 31 December 2021	<u>13,290</u>	<u>11,082</u>	<u>30,456</u>	<u>28,136</u>	<u>82,964</u>
At 31 December 2020	<u>10,563</u>	-	<u>103,586</u>	<u>41,692</u>	<u>155,841</u>

The above includes right of use assets as detailed in note 12.

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

12. IFRS 16 - LEASES

The company has lease contracts for various offices, warehouses and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

(i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2021 £	2020 £
Right-of-use Assets		
Offices and Warehouses	30,456	103,552
Vehicles	28,136	41,691
	<u>58,592</u>	<u>145,243</u>
Lease Liabilities		
Current	17,333	103,807
Non-Current	14,116	11,581
	<u>31,449</u>	<u>115,388</u>

There was an addition to the right-of-use assets of £26,855 during the 2021 financial year (2020:Nil).

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2021 £	2020 £
Depreciation charge – Right-of-use assets		
Offices and Warehouses	73,096	73,095
Vehicles	40,410	38,724
	<u>113,506</u>	<u>111,819</u>
	2021	2020
	£	£
Interest and other expenses		
Interest expense (included in finance costs)	3,066	6,028

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

12. IFRS 16 - LEASES (CONTINUED)

(iii) Future minimum lease payments as at 31 December are as follows*:

	2021 £	2020 £
Not later than one year	18,276	106,112
Later than one year and not later than five years	14,944	11,635
	<hr/>	<hr/>
Total gross payments	33,220	117,747
Impact of finance costs	(1,771)	(2,359)
	<hr/>	<hr/>
Carrying amount of liability	31,449	115,388
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. INVESTMENTS

	Group Companies £
Cost and net book value	
At 1 January 2021	659,170
At 31 December 2021	659,170

Shares in subsidiaries

Name	Principal activities	Country of incorporation	Registered office	Status	% ownership
XP Energy Systems Limited	Uninterruptible power supplies	England	8A Arnhem Road Newbury Berks RG14 5RU	Dormant	100
Safety Power Group Limited	Power supply distribution	England	8A Arnhem Road Newbury Berks RG14 5RU	Dormant	100

Further information regarding these subsidiaries is shown below:

Name	Result for the year ended 31 December 2021 £	Result for the year ended 31 December 2020 £	Capital and Reserves as at 31 December 2021 £	Capital and Reserves as at 31 December 2020 £
XP Energy Systems Limited	-	-	700,000	700,000
Safety Power Group Limited	-	-	101,000	101,000

The directors believe that the carrying value of the investments is supported by their underlying net assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. INVENTORIES

	2021 £	2020 £
Work in progress	69,249	31,030
Goods for resale	1,211,491	1,109,042
	<u>1,280,740</u>	<u>1,140,072</u>

There is no significant difference between the replacement cost of stocks and the values shown above.

Provision for obsolete goods 2021: £482,510 (2020: £438,307).

15. TRADE AND OTHER RECEIVABLES

	2021 £	2020 £
Trade debtors	1,538,171	924,793
Other debtors and prepayments	806,904	457,132
Corporation tax debtor	-	10,274
Deferred Tax	418	3,328
	<u>2,345,493</u>	<u>1,395,527</u>

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

Provision for trade receivables 2021: nil (2020: £517).

16. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Bank overdraft	170,686	-
Trade creditors	150,119	131,958
Amounts owed to group undertakings	891,484	801,000
Other creditors	287,266	324,592
Lease liability	17,333	103,807
Corporation tax	2,446	-
Other taxation and social security	288,401	123,837
	<u>1,807,735</u>	<u>1,485,194</u>

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

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

17. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Lease liabilities	14,116	11,581
Provision for building restoration	18,587	18,132
	<u>32,703</u>	<u>29,713</u>

18. DEFERRED TAX

	2021 £	2020 £
Deferred tax		
Accelerated capital allowances	418	3,328
Total deferred tax asset	<u>418</u>	<u>3,328</u>

	2021 £	2020 £
At start of the financial year	3,328	1,474
Deferred tax (charge)/credit in income statement	<u>(2,910)</u>	<u>1,854</u>
At the end of the financial year	<u>418</u>	<u>3,328</u>

19. CALLED UP SHARE CAPITAL

	2021 £	2020 £
Allotted and fully paid		
85,000 (2020: 85,000) ordinary shares of £1 each	<u>85,000</u>	<u>85,000</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

Full voting, dividend and capital distribution rights; they do not confer and rights of redemption.

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

20. RELATED PARTY TRANSACTIONS

The company is not required to disclose transactions with wholly owned subsidiaries under the exemptions provided by FRS 101 and IAS 24 'Related party disclosures'.

All transactions, disclosed below, were undertaken between entities within the XP Power Plc subgroup or represent dividend payments to shareholders.

Related Party	Transaction	Total Outstanding		Total Outstanding	
		transaction value 2021	at year end 2021	transaction value 2020	at year end 2020
		£	£	£	£
XP Power Limited (ultimate parent)	Purchases on a commercial basis	276,293	90,484	266,329	75,820
XP PLC (immediate parent)	Payment of dividends to shareholders	575,247	-	719,059	-
P F Clark (shareholder)	Payment of dividends to shareholders	60,235	-	75,294	-
M C Huckle (shareholder)	Payment of dividends to shareholders	4,518	-	5,647	-

See note 6 for disclosure of the directors' remuneration.

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 December 2021 XP PLC was the immediate parent company of Powersolve Electronics Limited. The ultimate parent undertaking and controlling party was XP Power Limited. XP Power Limited was the smallest and largest group of which the company was a member and for which group financial statements were prepared. Copies of the financial statements can be obtained from the registered office at:

401 Commonwealth Drive
Haw Par Technocentre
Lobby B #02-02
Singapore 14958

XP Power Limited is a company incorporated in Singapore.