

Company Registration No. 02704083 (England and Wales)

**TELESTE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# TELESTE LIMITED

## COMPANY INFORMATION

---

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | Mr J Dando<br>Mrs M Van Der Merwe  |
| <b>Company secretary</b> | Mrs M Van Der Merwe  |
| <b>Company number</b>    | 02704083   |
| <b>Registered office</b> | Unit A Chiltern Commerce Centre<br>Asheridge Road<br>Chesham<br>Buckinghamshire<br>HP5 2PY |
| <b>Auditors</b>          | Azets<br>5 Yeomans Court<br>Ware Road<br>Hertford<br>Hertfordshire<br>SG13 7HJ             |
| <b>Business address</b>  | Unit A Chiltern Commerce Centre<br>Asheridge Road<br>Chesham<br>Buckinghamshire<br>HP5 2PY |

---

# TELESTE LIMITED

## CONTENTS

---

|                                       | <b>Page</b> |
|---------------------------------------|-------------|
| Strategic report                      | 1 - 2       |
| Directors' report                     | 3           |
| Directors' responsibilities statement | 4           |
| Independent auditor's report          | 5 - 7       |
| Statement of comprehensive income     | 8           |
| Balance sheet                         | 9 - 10      |
| Statement of changes in equity        | 11          |
| Notes to the financial statements     | 12 - 25     |

---

# TELESTE LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

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

### **Principal activities**

The company's principal activity during the year continued to be that of an equipment supplier focused on supplying hospitality solutions integrators and European cable operators with unparalleled services and technology. From Hotels and Cruise ships, through to complex headend signal management systems, the company offer professional advice and products, stocked in the company's multiple European warehouse locations. The company's wide product offering also extends to Telco, Broadcast Internet signal distribution within the hospitality property. Maintaining a manufacturing and testing facility in the UK enables the company to respond quickly to customer demand. Teleste Limited is a responsive, resourceful partner for their customer's next-gen network requirements; with the customers' ideas and designs the company can create innovative, tailored solutions. This reinforces the corporate motto of providing networked societies a Smart, Safe and Smooth Future.

### **Principal risks and uncertainties**

The key business risks and uncertainties affecting the business are considered to relate to competition, suppliers, the economic environment, exchange differences and staff retention.

The global COVID 19 pandemic has tested our resources, and latterly the supply chain crisis in silicon chip-based products. Thankfully, not all of our products and output are affected by these issues, and our core manufacturing base in Finland is coping well, via adaptive purchasing and existing stockpiles of critical components.

The pandemic has caused a slowdown in sales and activity to the hospitality vertical market, but we still managed to complete two cruise ship upgrade projects in 2021, with more in the pipeline for 2022. The hospitality market is recovering, but is currently more affected by a shortage of key components, in the form of TV screens and IT hardware, than it is by investor confidence.

Fluctuations in currency markets can impact both the top and bottom line in the Profit and Loss account, most notably the Euro and US Dollar against Pound Sterling.

### **Development and performance**

The results for the year are set out on page 8.

The company is financially secure and in a good position to take advantage of any opportunities which may arise in the future, especially as markets and society in general begin to open up again.

During the year, the group to which the company belongs, undertook a restructure which resulted in the operating activities of Teleste Limited and Teleste UK Limited continuing in Teleste Limited. This has and will continue to result in increased growth for the company.

The directors aim to maintain the management policies which have resulted in the company's performance and growth over the years, as well as assisting in our survival and recovery post-COVID and chip shortage crises.

# TELESTE LIMITED

## STRATEGIC REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2021*

---

### **Key performance indicators**

The company has made significant progress throughout the year in relation to key elements of its strategy, despite the many difficulties encountered during the pandemic. We are happy that the short-term measures and changes we put in place not only protected the company, but also ensured a solid platform for recovery in 2021. The directors monitor the progress of the company by reference to the following financial and non-financial key performance indicators: sales achieved, costs, success on contract bids, revenue generated from new and existing customers, customer satisfaction and direct labour utilisation.

On behalf of the board

Mrs M Van Der Merwe

**Director**

14 April 2022

# TELESTE LIMITED

## DIRECTORS' REPORT

*FOR THE YEAR ENDED 31 DECEMBER 2021*

---

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

### **Directors**

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

Mr J Dando  
Mrs M Van Der Merwe

### **Results and dividends**

Ordinary dividends were paid amounting to £1,004. The directors do not recommend payment of a final dividend.

### **Qualifying third party indemnity provisions**

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force under parent group policies of respective directors during the course of the financial year for the benefit of the then directors.

### **Auditor**

Azets Audit Services were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Disclosure in Strategic Report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the company's principal activities and future developments.

### **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 company's auditor 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 company's auditor is aware of that information.

### **Going concern**

At the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the extent of the impact of coronavirus is unclear and it is difficult to evaluate all the potential implications on the company's trade, customers, suppliers and the wider economy.

On behalf of the board

Mrs M Van Der Merwe  
**Director**

# **TELESTE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

---

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

# TELESTE LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TELESTE LIMITED

---

### Opinion

We have audited the financial statements of Teleste Limited (the 'company') for the period ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 FRS 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 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; 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The 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.

# TELESTE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF TELESTE LIMITED

---

#### **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.

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

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

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

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

#### **Responsibilities of directors**

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

#### **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.

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.

# TELESTE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF TELESTE LIMITED

---

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member 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 member for our audit work, for this report, or for the opinions we have formed.

**Alison Nayler BSc FCA (Senior Statutory Auditor)**  
For and on behalf of Azets Audit Services

14 April 2022

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

5 Yeomans Court  
Ware Road  
Hertford  
Hertfordshire  
United Kingdom  
SG13 7HJ

## TELESTE LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

|  | Notes | 2021<br>£        | 2020<br>£        |
|--|-------|------------------|------------------|
| Turnover                               | 3     | 8,952,177        | 4,849,695        |
| Cost of sales                          |       | (6,713,366)      | (3,647,501)      |
| <b>Gross profit</b>                    |       | <b>2,238,811</b> | <b>1,202,194</b> |
| Administrative expenses                |       | (1,079,686)      | (880,863)        |
| Other operating income                 |       | -                | 749              |
| <b>Operating profit</b>                | 4     | <b>1,159,125</b> | <b>322,080</b>   |
| Interest receivable and similar income | 7     | 2,802            | 2,820            |
| Interest payable and similar expenses  | 8     | (2,786)          | (7,369)          |
| <b>Profit before taxation</b>          |       | <b>1,159,141</b> | <b>317,531</b>   |
| Tax on profit                          | 9     | (232,851)        | (61,841)         |
| <b>Profit for the financial year</b>   |       | <b>926,290</b>   | <b>255,690</b>   |

The notes on pages 12 to 25 form part of the financial statements.

# TELESTE LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

|  | Notes | 2021               |   | 2020             |           |
|--|-------|--------------------|---|------------------|-----------|
|  |       | £                  | £ | £                | £         |
| <b>Fixed assets</b>  |       |                    |   |                  |           |
| Tangible assets  | 11    | 462,236            |   | 488,905          |           |
| Investments  | 12    | -                  |   | 1,004            |           |
|  |       | <u>462,236</u>     |   | <u>489,909</u>   |           |
| <b>Current assets</b>  |       |                    |   |                  |           |
| Stocks   | 13    | 1,324,252          |   | 558,452          |           |
| Debtors  | 14    | 3,459,333          |   | 590,292          |           |
| Cash at bank and in hand                                       |       | 801,358            |   | 1,065,140        |           |
|  |       | <u>5,584,943</u>   |   | <u>2,213,884</u> |           |
| <b>Creditors: amounts falling due within one year</b>          | 15    | <u>(3,073,448)</u> |   | <u>(464,564)</u> |           |
| <b>Net current assets</b>                                      |       | <u>2,511,495</u>   |   | <u>1,749,320</u> |           |
| <b>Total assets less current liabilities</b>                   |       | <u>2,973,731</u>   |   | <u>2,239,229</u> |           |
| <b>Creditors: amounts falling due after more than one year</b> | 16    |                    | - |                  | (190,784) |
| <b>Net assets</b>  |       | <u>2,973,731</u>   |   | <u>2,048,445</u> |           |
| <b>Capital and reserves</b>                                    |       |                    |   |                  |           |
| Called up share capital  | 20    | 20,868             |   | 20,868           |           |
| Profit and loss reserves                                       | 21    | 2,952,863          |   | 2,027,577        |           |
| <b>Total equity</b>  |       | <u>2,973,731</u>   |   | <u>2,048,445</u> |           |

**TELESTE LIMITED**

**BALANCE SHEET (CONTINUED)**

***AS AT 31 DECEMBER 2021***

---

The notes on pages 12 to 25 form part of the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 14 April 2022 and are signed on its behalf by:

Mrs M Van Der Merwe

**Director**

**Company Registration No. 02704083**

## TELESTE LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

|  | Share capital | Profit and<br>loss reserves | Total     |
|--|---------------|-----------------------------|-----------|
| Notes  | £             | £                           | £         |
| <b>Balance at 1 January 2020</b>                   | 20,868        | 2,521,887                   | 2,542,755 |
| <b>Year ended 31 December 2020:</b>                |               |                             |           |
| Profit and total comprehensive income for the year | -             | 255,690                     | 255,690   |
| Dividends  | 10            | (750,000)                   | (750,000) |
| <b>Balance at 31 December 2020</b>                 | 20,868        | 2,027,577                   | 2,048,445 |
| <b>Year ended 31 December 2021:</b>                |               |                             |           |
| Profit and total comprehensive income for the year | -             | 926,290                     | 926,290   |
| Dividends  | 10            | (1,004)                     | (1,004)   |
| <b>Balance at 31 December 2021</b>                 | 20,868        | 2,952,863                   | 2,973,731 |

The notes on pages 12 to 25 form part of the financial statements.

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

#### Company information

Teleste Limited is a company limited by shares incorporated in England and Wales. The registered office is Unit A Chiltern Commerce Centre, Asheridge Road, Chesham, Buckinghamshire, HP5 2PY

#### 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 on the historical cost convention. The principal accounting policies adopted are set out below.

This 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:

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirement of Section 33 Related Party Disclosures paragraph 33.7.

Teleste Limited is a wholly owned company of Teleste Oyj, and the results of Teleste Limited are included in the consolidated financial statements of the ultimate parent company, Teleste Oyj, which are available from Telemekähi 1, FI-20660 Littoinen, Finland. [www.teleste.com](http://www.teleste.com).

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

#### 1.2 Going concern

At the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the extent of the impact of coronavirus is unclear and it is difficult to evaluate all the potential implications on the company's trade, customers, suppliers and the wider economy.

#### 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.

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

(Continued)

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.

#### 1.4 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.

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

|                              |                                     |
|------------------------------|-------------------------------------|
| Leasehold land and buildings | 2,3,5 and 45 years straight line    |
| Plant and equipment          | Between 2 and 5 years 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 credited or charged to profit or loss.

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

#### 1.5 Fixed asset investments

Interests 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 or reversals of impairment losses are recognised immediately in profit or loss.

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

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 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 replacement cost and 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.

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

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

**1.8 Cash at bank and in hand**

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

**1.9 Financial instruments**

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

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

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

**Derecognition of financial assets**

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

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

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

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

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

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

Equity instruments issued by the company 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 company.

### 1.11 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 company'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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 when the company has 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.

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

(Continued)

#### 1.12 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.

#### 1.13 Retirement benefits

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

#### 1.14 Leases

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 leases asset are consumed.

#### 1.15 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.

### 2 Judgements and key sources of estimation uncertainty

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

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

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

#### Impairment against stock

Management have calculated the stock provision by applying a percentage to stock values based on age. The percentages applied to stock is shown below. As such, Management have recognised a provision in relation to stock at the year-end on the following basis.

01/10/21 - 31/12/21: 0%  
01/07/21 - 30/09/21: 0%  
31/03/21 - 30/06/21: 0%  
31/12/20 - 30/03/21: 25%  
01/10/20 - 30/12/20: 50%  
01/07/20 - 30/09/20: 75%  
earlier than 30/06/20: 100%

### 3 Turnover and other revenue

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

|                    | 2021             | 2020             |
|--------------------|------------------|------------------|
|                    | £                | £                |
| <b>Turnover</b>    |                  |                  |
| Sales              | 8,868,830        | 4,691,833        |
| Intercompany sales | 83,347           | 157,862          |
|                    | <u>8,952,177</u> | <u>4,849,695</u> |

#### Turnover analysed by geographical market

|                   | 2021             | 2020             |
|-------------------|------------------|------------------|
|                   | £                | £                |
| UK                | 8,862,310        | 4,591,682        |
| Rest of the world | 89,867           | 258,013          |
|                   | <u>8,952,177</u> | <u>4,849,695</u> |

### 4 Operating profit

|   | 2021          | 2020          |
|---|---------------|---------------|
|   | £             | £             |
| Operating profit for the year is stated after charging/(crediting):                       |               |               |
| Exchange losses   | 4,801         | 36,511        |
| Fees payable to the company's auditor for the audit of the company's financial statements | 18,375        | 3,000         |
| Depreciation of owned tangible fixed assets   | 32,358        | 29,563        |
| Decrease / (Increase) in stock  | (757,361)     | 213,558       |
| Operating lease charges   | 15,586        | 17,633        |
|   | <u>15,586</u> | <u>17,633</u> |

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 5 Employees

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

|                | 2021<br>Number | 2020<br>Number |
|----------------|----------------|----------------|
| Administration | 2              | 2              |
| Manufacturing  | 4              | 5              |
| Sales          | 7              | 5              |
|                | <u>13</u>      | <u>12</u>      |

Their aggregate remuneration comprised:

|                       | 2021<br>£      | 2020<br>£      |
|-----------------------|----------------|----------------|
| Wages and salaries    | 454,491        | 451,591        |
| Social security costs | 50,642         | 52,510         |
| Pension costs         | 52,771         | 26,913         |
|                       | <u>557,904</u> | <u>531,014</u> |

### 6 Directors' remuneration

|   | 2021<br>£      | 2020<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 165,475        | 155,288        |
| Company pension contributions to defined contribution schemes | 12,078         | 10,041         |
|   | <u>177,553</u> | <u>165,329</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

| 7 | Interest receivable and similar income               | 2021           | 2020          |
|---|--|----------------|---------------|
|   |  | £              | £             |
|   | <b>Interest income</b>                               |                |               |
|   | Interest on bank deposits                            | 2,109          | -             |
|   | Interest receivable from group companies             | 279            | 2,820         |
|   | Other interest income                                | 414            | -             |
|   | Total income   | <u>2,802</u>   | <u>2,820</u>  |
|   |  |                |               |
| 8 | Interest payable and similar expenses                | 2021           | 2020          |
|   |  | £              | £             |
|   | Interest on bank overdrafts and loans                | 1,044          | 7,369         |
|   | Interest payable to group undertakings               | 1,742          | -             |
|   |  | <u>2,786</u>   | <u>7,369</u>  |
|   |  |                |               |
| 9 | Taxation   | 2021           | 2020          |
|   |  | £              | £             |
|   | <b>Current tax</b>                                   |                |               |
|   | UK corporation tax on profits for the current period | 233,580        | 60,308        |
|   |  | <u>233,580</u> | <u>60,308</u> |
|   | <b>Deferred tax</b>                                  |                |               |
|   | Origination and reversal of timing differences       | (729)          | 1,533         |
|   |  | <u>(729)</u>   | <u>1,533</u>  |
|   | Total tax charge                                     | <u>232,851</u> | <u>61,841</u> |

The actual 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:

|  | 2021             | 2020           |
|--|------------------|----------------|
|  | £                | £              |
| Profit before taxation   | <u>1,159,141</u> | <u>317,531</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | 220,237          | 60,331         |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 10,700           | (830)          |
| Depreciation on assets not qualifying for tax allowances   | 1,914            | 2,340          |
| Taxation charge for the year   | <u>232,851</u>   | <u>61,841</u>  |

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Taxation (Continued)

In his budget on 3rd March 2021, the chancellor announced an increase to the main rate of corporation tax from 1st April 2023 from 19% to 25%. This was enacted on 24th May 2021 and will affect the company's future tax liabilities on trading profit.

### 10 Dividends

|              | 2021<br>£ | 2020<br>£ |
|--------------|-----------|-----------|
| Interim paid | 1,004     | 750,000   |

### 11 Tangible fixed assets

|                                    | Leasehold land<br>and buildings<br>£ | Plant and<br>equipment<br>£ | Total<br>£ |
|------------------------------------|--------------------------------------|-----------------------------|------------|
| <b>Cost</b>                        |                                      |                             |            |
| At 1 January 2021                  | 579,284                              | 269,106                     | 848,390    |
| Additions                          | 2,239                                | 3,448                       | 5,687      |
| At 31 December 2021                | 581,523                              | 272,554                     | 854,077    |
| <b>Depreciation and impairment</b> |                                      |                             |            |
| At 1 January 2021                  | 144,998                              | 214,486                     | 359,484    |
| Depreciation charged in the year   | 13,039                               | 19,318                      | 32,357     |
| At 31 December 2021                | 158,037                              | 233,804                     | 391,841    |
| <b>Carrying amount</b>             |                                      |                             |            |
| At 31 December 2021                | 423,486                              | 38,750                      | 462,236    |
| At 31 December 2020                | 434,286                              | 54,619                      | 488,905    |

### 12 Fixed asset investments

|                             | Notes | 2021<br>£ | 2020<br>£ |
|-----------------------------|-------|-----------|-----------|
| Investments in subsidiaries |       | -         | 1,004     |

The company has not designated any financial assets that are not classified as financial assets at fair value through profit or loss.

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Fixed asset investments (Continued)

#### Movements in fixed asset investments

|                          | Shares in group<br>undertakings |
|--------------------------|---------------------------------|
|                          | £                               |
| <b>Cost or valuation</b> |                                 |
| At 1 January 2021        | 1,004                           |
| Disposals                | (1,004)                         |
|                          | <hr/>                           |
| At 31 December 2021      | -                               |
|                          | <hr/>                           |
| <b>Carrying amount</b>   |                                 |
| At 31 December 2021      | -                               |
|                          | <hr/>                           |
| At 31 December 2020      | 1,004                           |
|                          | <hr/> <hr/>                     |

During the year, the group to which the company belongs undertook a restructure. As part of this restructure the company's subsidiary in Teleste sp, z.o.o, a company registered and trading in Poland, was transferred to the company's ultimate parent at cost.

### 13 Stocks

|                               | 2021<br>£   | 2020<br>£   |
|-------------------------------|-------------|-------------|
| Raw materials and consumables | 1,288,329   | 530,969     |
| Work in progress              | 35,923      | 27,483      |
|                               | <hr/>       | <hr/>       |
|                               | 1,324,252   | 558,452     |
|                               | <hr/> <hr/> | <hr/> <hr/> |

### 14 Debtors

|   | 2021<br>£   | 2020<br>£   |
|---|-------------|-------------|
| <b>Amounts falling due within one year:</b> |             |             |
| Trade debtors                               | 3,357,817   | 466,669     |
| Corporation tax recoverable                 | -           | 45,539      |
| Amounts owed by group undertakings          | 64,011      | 14,217      |
| Other debtors                               | 8,217       | 32,092      |
| Prepayments and accrued income              | 27,135      | 27,780      |
|   | <hr/>       | <hr/>       |
|   | 3,457,180   | 586,297     |
| Deferred tax asset (note 18)                | 1,896       | 1,167       |
|   | <hr/>       | <hr/>       |
|   | 3,459,076   | 587,464     |
|   | <hr/> <hr/> | <hr/> <hr/> |

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

| 14 Debtors                                    | (Continued)      |                |
|---|------------------|----------------|
|   | 2021             | 2020           |
|   | £                | £              |
| Amounts falling due after more than one year: |                  |                |
| Prepayments and accrued income                | 257              | 2,828          |
|   | <u>257</u>       | <u>2,828</u>   |
| <b>Total debtors</b>                          | <b>3,459,333</b> | <b>590,292</b> |
|   | <u>3,459,333</u> | <u>590,292</u> |

Amounts owed from group undertakings are trade receivables and not subject to deferred terms or interest.

| 15 Creditors: amounts falling due within one year |       | 2021             | 2020           |
|---|-------|------------------|----------------|
|   | Notes | £                | £              |
| Bank loans  | 17    | -                | 16,954         |
| Trade creditors                                   |       | 460,911          | 36,073         |
| Amounts owed to group undertakings                |       | 1,824,986        | 299,489        |
| Corporation tax                                   |       | 34,138           | -              |
| Other taxation and social security                |       | 641,178          | 49,001         |
| Accruals and deferred income                      |       | 112,235          | 63,047         |
|   |       | <u>3,073,448</u> | <u>464,564</u> |
|   |       | <u>3,073,448</u> | <u>464,564</u> |

Amounts owed to group undertakings are trade payables and not subject to deferred terms or interest.

| 16 Creditors: amounts falling due after more than one year             |       | 2021     | 2020           |
|--|-------|----------|----------------|
|  | Notes | £        | £              |
| Bank loans and overdrafts  | 17    | -        | 190,784        |
|  |       | <u>-</u> | <u>190,784</u> |
| Amounts included above which fall due after five years are as follows: |       |          |                |
| Payable by instalments   |       | -        | 122,970        |
|  |       | <u>-</u> | <u>122,970</u> |

As explained in note 17 the mortgage was repaid in full prior to the commitment date in April 2021.

## TELESTE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 17 Loans and overdrafts

|                         | 2021 | 2020    |
|-------------------------|------|---------|
|                         | £    | £       |
| Bank loans              | -    | 207,738 |
| Payable within one year | -    | 16,954  |
| Payable after one year  | -    | 190,784 |

During the year the mortgage was repaid in full prior to the commitment date, therefore there are no further mortgage commitments at the reporting date.

Mortgages were secured by a fixed charge over the company's long leasehold property, any goodwill from any business carried out at the property and any rental income generated from the property. This charge was registered on 12th May 2007 and was satisfied on 20th April 2021.

The mortgage was repayable over 25 years from April 2007. Interest was chargeable at 2.2% p.a. above HSBC Bank's sterling base rate.

#### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

|                                | Assets<br>2021 | Assets<br>2020 |
|--------------------------------|----------------|----------------|
|                                | £              | £              |
| <b>Balances:</b>               |                |                |
| Accelerated capital allowances | 1,264          | 50             |
| Retirement benefit obligations | 632            | 1,117          |
|                                | <u>1,896</u>   | <u>1,167</u>   |
| <b>Movements in the year:</b>  |                | <b>2021</b>    |
|                                |                | £              |
| Asset at 1 January 2021        |                | (1,167)        |
| Credit to profit or loss       |                | (729)          |
| Asset at 31 December 2021      |                | <u>(1,896)</u> |

The amount of deferred tax asset expected to reverse within the next 12 months is £2,405 and relates to deferred capital allowances and retirement benefits.

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 19 Retirement benefit schemes

|   | 2021   | 2020   |
|---|--------|--------|
|   | £      | £      |
| Defined contribution schemes  |        |        |
| Charge to profit or loss in respect of defined contribution schemes | 52,771 | 26,913 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the balance sheet date the company had pension liabilities totalling £7,324 (2020: £6,485).

### 20 Share capital

|                            | 2021   | 2020   |
|----------------------------|--------|--------|
|                            | £      | £      |
| Ordinary share capital     |        |        |
| Issued and fully paid      |        |        |
| 20,868 Ordinary of £1 each | 20,868 | 20,868 |

The company has one class of ordinary shares which does not carry a right to fixed income.

### 21 Profit and loss reserves

|   | 2021      | 2020      |
|---|-----------|-----------|
|   | £         | £         |
| At the beginning of the year            | 2,027,577 | 2,521,887 |
| Profit for the year                     | 926,290   | 255,690   |
| Dividends declared and paid in the year | (1,004)   | (750,000) |
| At the end of the year                  | 2,952,863 | 2,027,577 |

### 22 Operating lease commitments

#### Lessee

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

|                            | 2021   | 2020   |
|----------------------------|--------|--------|
|                            | £      | £      |
| Within one year            | 14,127 | 12,896 |
| Between two and five years | 1,123  | 14,019 |
|                            | 15,250 | 26,915 |

### 23 Capital commitments

At 31 December 2021 the company had no capital commitments (2020: none).

# TELESTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2021*

---

### **24 Related party transactions**

In accordance with FRS 102, the company is claiming exemption from disclosing intergroup transactions by virtue of being a 100% subsidiary of Teleste Oyj.

Consolidated accounts can be obtained from the address stated in note 25.

### **25 Controlling party**

The company is controlled by its parent company Teleste Oyj, a company incorporated in Finland,

Consolidated accounts can be obtained from the following address:

Telestenkatu 1  
FI-20660 Littoinen  
Finland  
[www.teleste.com](http://www.teleste.com)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.