Company Registration No. 4295981

Huawei Technologies (UK) Co., Ltd.

Annual Report and Financial Statements

Year Ended 31 December 2023

Annual report for the year ended 31 December 2023

Officers and professional advisers	**1**
Strategic report	**2**
Directors' report	**7**
Statement of directors' responsibilities	**10**
Independent auditor's report to the members of Huawei Technologies (UK) Co., Ltd.	**11**
Statement of Profit or Loss and Other Comprehensive Income	**15**
Balance Sheet	**16**
Statement of Changes in Equity	**17**
Notes to the Financial Statements	**18**

Annual report for the year ended 31 December 2023

Directors	Binbing Xiao Lida Yan Xin Wang
Secretary	Yun Chen
Registered Office	Earley East Thames Valley Park Drive Reading RG6 1PT
Auditor	PKF Littlejohn LLP Chartered Accountants 15 Westferry Circus Canary Wharf London E14 4HD

Annual report for the year ended 31 December 2023

Strategic report

The directors, in preparing this strategic report, have complied with Section 414C of the Companies Act 2006.

Principal activities and review of the business

Huawei Technologies (UK) Co., Ltd. (the "Company") is a major telecommunications product and services provider. It focusses on providing leading telecommunications products and services to UK telecommunications operators and consumers. The Company's products and services include a wide range of network and transmission products and solutions, and the installation of telecommunications products and related services. Throughout 2023, the Company continued to deliver high-quality products and services to UK telecommunications operators, and the Company's consumer business will continue to focus on diversification, consolidating a diverse consumer product ecosystem.
The Company's principal activities were as follows:

- the import of electronic devices including telecommunications equipment, digital power products and consumer electronics from Group companies*
- the sale of telecommunications products and services
- the sale of components and spare parts
- the provision of local sales and marketing support services to Group companies

*Group companies/Group means Huawei Investment & Holding Co., Ltd. and its subsidiary companies ("fellow subsidiaries").

Revenue in 2023 decreased by 36.1%, primarily due to planned downsizing of the business as a result of UK restrictions in relation to UK telecommunications operators' use of certain Huawei products and services, and US restrictions in relation to the Company's use of Google Mobile Services on its products. Gross profit in 2023 decreased by 75.4% primarily as a result of the Company's updated classification of certain costs between cost of sales and administrative expenses. On a like-for-like basis, the adjusted 2022 gross profit is £60.4m and the year on year gross profit margin rates remain largely stable (2023:13.4%, 2022:16.8%) with a 3.4% reduction as a result of changes in sales mix. Net profit margin rate 3.7% (2022:3.9%) is not impacted by this update. Profit after tax decreased by 38.7%, largely in line with the reduction in revenue. Shareholder funds decreased by 59.0% primarily as a result of a £25.8m dividend distribution made during the year, despite the £8.4m profit achieved during the year.

Moving forward, the Company will focus on the sale of products and services that are not impacted by the UK or US restrictions. Although the business scale is expected to decline as a result of this external environment, the directors believe the Company is well positioned to continue its sales and profitability in 2024.

The Company's key financial performance indicators were as follows:

	2023 £m	**2022 £m**	**% change**
Revenue	**229.6**	**359.1**	-36.1%
Gross profit	**30.8**	**125.4**	-75.4%
Operating profit before interest and tax	**13.3**	**18.9**	-29.6%
Profit after tax	**8.4**	**13.7**	-38.7%
Shareholders' funds	**12.1**	**29.5**	-59.0%

Fixed assets on a net basis have remained stable during the year as a result of significant purchases, decorations and leasehold improvements made for the new office offsetting the disposals made for the previous office. Debtors decreased by £22.2m as a result of settlements with related parties. Contract liabilities decreased by £21.1m as a result of a decrease in advance receipts.

Administrative expenses decreased by £87.0m, as a result of a reduction in employee numbers from 351 to 260, and the Company's updated classification of certain costs between cost of sales and administrative expenses, which has led to the recognition of £59.6m costs in cost of sales that would have, otherwise, been recognised in administrative expenses.

The directors acknowledge their responsibilities for the Company's internal control and risk management systems, and for monitoring their effectiveness. The purpose of these systems is to manage—rather than to eliminate—the risk of failure to achieve business objectives, to enhance the quality of management information, and to maintain proper control over the income, expenditure, assets and liabilities of the Company.

No system of control can, however, provide absolute assurance against material misstatement or loss. The directors consider what controls are appropriate for the Company's business in their judgement, taking into account the relative costs and benefits of implementing specific controls.

The directors consider that the principal risks and uncertainties faced by the Company are as follows:

- US Export Administration Regulations ("US EAR") – In August 2019, the US Bureau of Industry and Security added the Company to its "Entity List", with the result that export, re-export or in-country transfer of items subject to the US EAR to the Company is restricted, unless a prior license has been obtained. As a result, the Company's supply and sale of certain products has been affected. The primarily affected areas are mobile phones and tablets sales, as a result of restrictions upon the Company's use of Google Mobile Services ("GMS") on its products.

- US Foreign-Produced Direct Product Rule ("US FDPR") – Changes to the US FDPR published by the US administration in May and August 2020 have impacted the relevant Group entities supply chains, and may have an adverse impact on the availability and supply of certain products at some point in the future. The Company's robust practices in respect of business continuity planning will mitigate the effect of any adverse impacts resulting from the US FDPR.

- UK Telecommunications (Security) Act 2021 ("TSA") – The TSA was enacted in November 2021. In October 2022, under the terms of the TSA, the UK Government issued: (1) a Designation Notice ("DN") designating the Company and specified fellow subsidiaries for the purposes of a designated vendor direction; and (2) a Designated Vendor Direction ("DVD") addressed to 35 public communications providers, which set out restrictions on those providers' use of goods, services or facilities supplied, provided or made available by the Company. The DN and DVD have adversely impacted the Company's carrier network business. The Company continues to ensure close communication with its customers to assist them in their compliance with the DVD.

- Competitive risks – The Company operates in a competitive industry and in an evolving commercial environment. The Company places great emphasis on distributing new and innovative solutions to meet ever-changing customer requirements.

- Credit risks – The Company is exposed to the risk of payments by certain customers. The Company monitors its exposure to credit losses by carrying out appropriate procedures including a pre-sales credit check process and factoring of its accounts receivables.

- Economic risks – As with previous years, the economic climate is challenging and this is compounded by the economic impact of the cost of living crisis. Any deterioration in the economy may have an adverse impact on the Company's operations and financial position.

- Financial risks – the principal objective of financial risk management at the Company is to manage the Company's liquidity as well as financial assets and liabilities, and to control financial risk exposure in a manner consistent with underlying business risk and financial policy. The Company does not undertake any borrowing activities.

- Conflict in Ukraine risk – The Company has taken steps to identify and ensure compliance with all applicable laws in relation to the conflict in Ukraine, in particular in relation to sanctions. The Company does not sell to, or purchase from, Russia. The Company has identified that the conflict and the applicable laws will not have an impact upon the Company's operations in the UK or its supply chain.

Going concern

The directors have prepared the financial statements using the going concern basis of accounting, which they consider to be appropriate having assessed the Company's financial position and prospects and have concluded that they expect the Company to continue as a going concern for at least 12 months from the date of approval of these financial statements.

The directors' previous assessments, set out in the annual report for the years ended 31 December 2021 and 2022, identified events and conditions which indicated the existence of a material uncertainty in respect of the Company's ability to continue as a going concern and, therefore, to realise its assets and to settle its liabilities in the normal course of business.

This assessment was made in connection with the US restrictions in relation to Huawei Group companies, issued in 2019 and 2020, and the UK restrictions issued in October 2022. The Company has evolved its operations and continues to trade profitably within the confines of these limitations. Taking into account all relevant factors, including but not limited to the cash flow forecast for a 15-month period from 31 December 2023, the directors' updated assessment is that there is no longer significant doubt over the Company's ability to continue as a going concern, and that the existence of a material uncertainty is no longer indicated. The Company has managed to stabilise its business through careful management of its scale of operations since 2020, and has maintained stable profitability.

Future prospects

The Company has set its financial targets for 2024 and 2025 Q1 in anticipation of both the risks and opportunities typical in the telecommunications sector and the challenging economic conditions. Remaining restrictions placed on the business by US and UK legislations and regulations have also been factored into its business plan and are included in its forecasts.

Whilst online sales continue in the Company's consumer business, and our network engineers are still able to continue to work at customer sites within the terms of the DVD, it is certain that revenue in 2024 will fall further from 2023 levels. However, the Company is confident that it will continue to execute its business plan, underpinned by the underlying technical, operating and financial strength of the Company and the Group, and it will remain profitable.

Section 172 Statement

The Company's directors are aware of their responsibilities under section 172 of the Companies Act 2006, and ensure that their responsibilities under section 172 are fulfilled in the course of their work.

Key Decisions

Decisions are taken by directors either in directors' meetings or by written resolution. In making those decisions, each director acts in a manner that they consider to be the best way to promote the success of the Company for the benefit of its members, and in doing so have regard to the likely consequences of any decision in the long term and the interests of the various stakeholders.

Stakeholder Engagement

The directors obtained appropriate information about the Company's stakeholders either through day-to-day business interactions or through channels established for engagement. Formal board meetings were supplemented by topic-briefings and staff interactions. Stakeholder engagement took place at either operational level or board level. Where engagement took place at an operational level, the outcome of those engagements was shared with the directors for their consideration in key decision making.

Shareholders

The Company is a wholly owned subsidiary of the Huawei Group. The directors have open dialogue with the Huawei Group management through regular meetings. Reports are regularly made to the Huawei Group management in respect of business strategy, financial performance and other topics, which gives its shareholders assurance that proper consideration is given to stakeholders' interests in the director's decision making.

Employees

The directors maintain oversight of employee welfare using formal business management data and by direct engagement with employees. The directors have access to data on compensation and benefits, industry benchmarking, employee satisfaction surveys, employee retention data and Environment, Health and Safety reports. There is direct engagement with employees at forums such as "All Staff meetings", which provides an opportunity to brief employees in respect of the Company's direction and for employees to provide feedback.

Suppliers

The directors obtain regular reports from the Company's procurement team, which is tasked with managing and maintaining relationships with the Company's suppliers. The procurement team's responsibilities include establishing long-term and cooperative relationships with suppliers, to establish an open, sound, and collaborative value chain that targets shared success, and treating suppliers with kindness and respect. The directors require the procurement team to maintain close oversight of the Company's contractual obligations to suppliers and ensure compliance. Among other measures, the directors have implemented Key Performance Indicators in respect of on-time-payment.

Customer

Customer centricity is one of the Company's core values. The directors maintain close oversight of the Company's relationships with its customers, to ensure that a collaborative approach to working is maintained, and strive to achieve a win-win business outcome between customers and the Company. The directors regularly considered the impact of the changing business environment on customers, and the necessary responses by the Company.

Community and the environment

The directors paid particular attention to ensuring the positive impact of its business operations on a wide range of communities in the UK. They considered the policy context from Government and relevant community-facing projects in that light.

The directors considered the imperatives around business and environmental sustainability and promoted the adoption of technology solutions that facilitate the net zero agenda, the protection of biodiversity and the awareness of sustainable economic development offered by ICT growth.

The directors supported the engagement of the Company in key industry bodies and partnerships to strengthen our relationships with suppliers, customers, academics and commentators.

Annual report for the year ended 31 December 2023
Strategic report (continued)

Regulation

The directors also monitor the changing external business environment, the challenges and opportunities for Chinese companies conducting international business, new legislations and the ongoing industry and political debates regarding telecom network security.

The directors receive regular reports from the Company's compliance team, and routinely invite reports upon matters such as cyber security, privacy, anti-bribery and corruption, taxation, environment, health and safety, human resource and business conduct.

Approved by the board of directors and signed on its behalf by:

Binbing Xiao

Director

Annual report for the year ended 31 December 2023
Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2023.

Dividends

The Company made a dividend payment of £25.8m in 2023 (2022: Nil), and the directors propose a dividend payment of £9.3m in 2024.

Political donations

The Company made no political donation nor political expenditure in the UK or outside UK during the year (2022: Nil).

Future developments

The Company has set its financial targets for 2024 and 2025 Q1 in anticipation of both the risks and opportunities typical in the telecommunications sector and the challenging economic conditions. The US and UK restrictions described above have led to a downsizing of the Company's activities, and the impact of these restrictions is factored into its forecasts for 2024, 2025 Q1 and beyond.

Whilst online sales continue in the Company's consumer business, and our network engineers can continue to work at customer sites within the terms of the DVD, it is certain that revenue in 2024 will fall further from 2023 levels. However, the Company is confident that it will continue to execute its business plan, underpinned by the underlying technical, operating and financial strength of the Company and the Group, and it will remain profitable.

Greenhouse Gas Emissions

The Company, as a subsidiary of the Group, took local initiatives in the UK market. The Company is positioned as a distributor, responsible for selling products supplied from the Group. These products cover various industries, including smart terminals, wireless access, fixed access, data communications, optical transmission, and digital power products. Through product innovation, the Group has:

- Increased the use of renewable energy: Using technologies such as photovoltaic and artificial intelligence to improve the efficiency and forecast ability of renewable energy, enabling the transformation to renewable energy and providing green power for a smart world.

- Reduced carbon emissions: Based on the product life cycle assessment method, the Group systematically assesses and calculates carbon emissions at each stage to continually reduce energy consumption. At the same time, the Group works with partners to extend ICT technologies to a wider range of industries, helping to save energy and reduce emissions.

- Promoted the circular economy, selecting environment-friendly materials, reducing the use of raw materials, improving the durability and disassembly of products, improving the product recycling system, and achieving increased benefits for human beings with reduced resource costs.

From a local perspective, the Company's main energy emissions relate to electricity and gas consumption in its offices. The Company drives energy efficiency in the office by instilling good practices for reducing unnecessary energy consumption.

Details of greenhouse gas emissions in 2023 are as follows:

	2023		2022	
	Electricity kWh	**kg CO2e**	**Electricity kWh**	**kg CO2e**
Electricity and gas purchased and used for company	6,801,067	1,530,172	8,897,008	2,001,738
	Gas kWh	**kg CO2e**	**Gas kWh**	**kg CO2e**
	674,797	123,441	1,568,409	286,909
Total		**1,653,613**		**2,288,647**

Intensity ratio: tCO2e per £m revenue is 7,202 in 2023 (2022: 6,373).

Directors

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

Binbing Xiao

Xin Wang

Lida Yan (appointed on 1 October 2023)

Lin Huang (resigned on 30 September 2023)

Employees

The Company is committed to the recruitment and retention of first-rate people, and offers a competitive package to achieve this objective. It is committed to promoting equal opportunities in employment. Employees and applicants receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. The Company will make reasonable adjustments before or during employment to alleviate disadvantages caused by a disability. It believes in rewarding performance and encouraging employees to contribute to and to share in the success and growth of the business.

Employees undertake an induction programme upon joining the Company and are provided with access to all Human Resource policies and any updates that occur. Any other information relevant to employees is communicated when necessary.

Equal opportunities

The Company believes that diversity is at the heart of its aim and mission and confirms its commitment to a comprehensive policy of equal opportunities in employment. As stated in the Strategic report, the directors regularly consider the impact of the changing business environment on employees, customers and suppliers and consider the appropriate course of action. Individuals are selected and treated on the basis of their relevant qualifications and abilities, and are given equal opportunities in the recruitment process and upon employment. The aim of the policy is to ensure that no job applicant or employee should receive less favourable treatment on any grounds which are not relevant to good employment and selection practice. The Company is committed to a programme of action to make the policy fully effective.

Directors' report (continued)

The Company monitors equality and diversity across all aspects of its business, including:

a) The admission and recruitment of staff and candidates

b) The progression and achievement of staff

c) The number and nature of formal harassment complaints, grievances and disciplinary cases

d) The attrition of staff

Monitoring aims to identify whether any group experiences a disadvantage stage. Should any unfair practices be identified through the monitoring process, action will be taken immediately to remedy the situation and to ensure the disadvantaged group receives fair and equitable treatment in relation to their recruitment or employment.

Auditor's appointment

Pursuant to Section 487(2) of the Companies Act 2006, the Auditor will be deemed to be reappointed and PKF Littlejohn LLP will continue in office.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the board of directors and signed on its behalf by:

Binbing Xiao
Director

Earley East
Thames Valley Park Drive
Reading
RG6 1PT

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable laws and regulations.

The Companies Act 2006 requires the directors to prepare financial statements for each financial year. They have elected to prepare the financial statements in accordance with UK accounting standards (UK Generally Accepted Accounting Practice), FRS 101 *Reduced Disclosure Framework.*

Under the Companies Act 2006, 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUAWEI TECHNOLOGIES (UK) CO. LTD.

Opinion

We have audited the financial statements of Huawei Technologies (UK) Co., Ltd. (the 'Company') for the year ended 31 December 2023 which comprise the Statement of Profit or Loss and Other Comprehensive Income, 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our valuation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the cash flow forecasts including budgets for a period of at least 12 months from the date of approval of the financial statements to give an indication of the expected financial position in future months;
- Reviewing reasonableness of management cash flow forecasts by comparing previous forecasts to actual results;
- Considering the available financial headroom; and
- Reviewing the board meeting minutes for any references to financial difficulties.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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 or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the 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.

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:

- We obtained an understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through detailed discussions with management, industry research and application of cumulative audit knowledge.
- We determined the principal laws and regulations relevant to the Company in this regard to be those arising from the following:
    - Companies Act 2006
    - The Bribery Act 2010
    - UK Employment laws
    - GDPR
    - Company tax laws
    - The Cyber Security laws in the UK
    - Health and Safety Act 1974
    - The Money Laundering and Terrorist Financing (Amendment) Regulations 2019
    - Russia Regulations (EU Exit Amendment No. 14 2022)
    - Telecommunications Security Act 2021 including the Designated Vendor Direction under section 105Z1 of the Communications Act 2003 issued by the UK government
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to:
    - Inquiring with management regarding the compliance with laws and regulations;
    - Discussing with management on how they have ensured compliance with relevant laws and regulations;
    - Reviewing expenses to identify any transactions with nature of legal fees or fines/penalties that may indicate non-compliance;
    - Reviewing board meeting minutes for the year and to the date of the audit report.

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to:
    - Testing of journals; specific journals entries to account for the changes from our key topic discussion that have taken place in the current financial year.
    - Reviewing accounting estimates for evidence of bias;
    - Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
    - Performing walkthrough tests.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

M Ling

Mark Ling (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

28 March 2024

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Revenue	4	229,605	359,069
Cost of sales		(198,774)	(233,652)
Gross profit		30,831	125,417
Distribution costs		(1,017)	(1,776)
Administrative expenses		(17,748)	(104,757)
Impairment gain on trade and other receivables		4	8
Other operating income / (expenses)		1,242	(8)
Operating profit		13,312	18,884
Interest receivable and similar income	9	2,496	2,108
Interest payable and similar expense	10	(4,331)	(3,428)
Profit before tax		11,477	17,564
Tax on profit	11	(3,039)	(3,750)
Profit for the financial year	5	8,438	13,814
Other comprehensive income (OCI) for the year			
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value (net of tax) of trade debtors held at fair value through OCI		(16)	(82)
Total comprehensive income for the year		8,422	13,732

All amounts are derived from continuing operations.

The notes on page 18 to 34 form an integral part of these financial statements.

Balance Sheet
As at 31 December 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	12	21,377	21,515
		21,377	21,515
Current assets			
Stocks	13	24,285	28,590
Contract assets	4	1,825	946
Debtors (including £1,276,000 (2022: £2,503,000) due after more than one year)	14	60,784	82,937
Cash at bank and in hand		25,803	51,659
		112,697	164,132
Creditors: Amounts falling due within one year			
Trade and other creditors	15	(77,243)	(84,819)
Contract liabilities	4	(31,133)	(52,182)
Provisions	16	(2,308)	(2,481)
		(110,684)	(139,482)
Net current assets		2,013	24,650
Total assets less current liabilities		23,390	46,165
Creditors: Amounts falling due after more than one year			
Trade and other creditors	15	(9,287)	(9,598)
Provisions	16	(2,005)	(7,061)
		(11,292)	(16,659)
Net assets		12,098	29,506
Capital and reserves			
Called up share capital	18	2,905	2,905
Profit and loss account		9,290	26,682
Other reserves		(97)	(81)
Total shareholder's funds		12,098	29,506

The notes on page 18 to 34 form an integral part of these financial statements.
The financial statements of Huawei Technologies (UK) Co. Limited., registered number 4295981, were approved by the board of directors on 28th March 2024.

Signed on behalf of the board of directors

Binbing Xiao
Director

Statement of Changes in Equity

	Share capital £'000	Profit and loss account £'000	Other reserves £'000	Total £'000
Balance at 1 January 2022	**2,905**	**12,868**	**1**	**15,774**
Profit for the financial year	-	13,814	-	13,814
Other comprehensive income	-	-	(82)	(82)
Balance at 31 December 2022	**2,905**	**26,682**	**(81)**	**29,506**
Profit for the financial year	-	8,438	-	8,438
Other comprehensive income			(16)	(16)
Dividend paid		(25,830)		(25,830)
Balance at 31 December 2023	**2,905**	**9,290**	**(97)**	**12,098**

The notes on page 18 to 34 form an integral part of these financial statements

Notes to the Financial Statements
Year ended 31 December 2023

1 General information

The Company is a private company incorporated, domiciled and registered in England in the UK. The registered number is 4295981 and the registered address is Earley East, Thames Valley Park Drive, Reading, RG6 1PT.

These financial statements are presented in thousands of pounds sterling (£'000).

These financial statements are the separate financial statements of the Company. The Group consolidated financial statements of Huawei Technologies Coöperatief U.A. are available to the public and can be obtained from www.kvk.nl.

2 Material accounting policies

Basis of accounting

The financial statements of Huawei Technologies (UK) Co., Ltd. have been prepared in accordance with Financial Reporting Standard 101, '*Reduced Disclosure Framework*', (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standard) but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemption.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard to not present:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Disclosures required by IAS 24 Related Party Disclosures, of the compensation of Key Management Personnel and of transactions and balances with fellow subsidiaries;
- Disclosures required by IFRS 13 Fair Value Measurement;
- Disclosures required by IFRS 7 Financial Instruments: Disclosures;
- Disclosures in respect of capital management required by IAS 1 Presentation of Financial Statements;
- Comparative disclosures for movements in fixed assets required by IAS 16 Property Plant and Equipment;
- Disclosures required by IAS 12 Income taxes regarding the possible financial impact of OECD Pillar Two taxes;
- The effects of new but not yet effective IFRSs.

Equivalent disclosures have been given in the consolidated financial statements of Huawei Technologies Coöperatief U.A. which are available to the public and can be obtained at www.kvk.nl

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Going concern

The directors have prepared the financial statements using the going concern basis of accounting, which they consider to be appropriate having assessed the Company's financial position and prospects, and concluded that they expect the Company to continue as a going concern for at least 12 months from the date of approval of these financial statements.

Revenue

Revenue comprises revenue from the sales of goods and rendering of services, and is measured based on the consideration specified in contracts with customers, including estimates of variable consideration, but excluding amounts collected on behalf of third parties, mainly value added tax.

The Company recognises revenue when it transfers control of a product or renders a service, or both, to a customer.

(i) Contract combinations and modifications

The Company combines contracts with the same customer if they are priced together, are significantly interdependent or have a single commercial objective. Contract modifications are treated as new contracts if they result in a prospective change to an existing contract.

(ii) Performance Obligations and timing of revenue recognition

Performance obligations (POs) are distinct promises to a customer for goods, services or both identified in a revenue contract. Revenue is recognised when the Company transfers control of each PO, either at a point in time, such as delivery or acceptance, or over time as the obligation is being fulfilled or the customer obtains control of the goods and/or services.

(iii) Revenue measurement

Revenue is measured based on the transaction price, which is the fair value of the consideration received or receivable, adjusted for estimates for returns, penalties, trade discounts, volume rebates and other sales incentives, such as vouchers or coupons, where they can be quantified reliably.

When making an estimate for variable consideration, the Company considers contract commitments, business practices, historical experience, customer take-up rates, expected purchase volumes and any other relevant factors. It represents the most likely amount or expected value based on the nature of the specific consideration and the analysis of relevant contract terms, taking into consideration historical, current and expected information.

Revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The transaction price of a contract with a customer is allocated to each PO in proportion to its estimated stand-alone selling price. Discounts that are specifically attributable to one or more POs are allocated to the identified POs. In all other cases, the discount is allocated to the contract overall.

(iv) Trade debtors, contract assets and liabilities and refund liabilities

A contract asset is recognised when the Company satisfies a performance obligation where its rights to consideration are conditional, such as on further performing under the contract.

Trade debtors are recognised when the right to consideration is, or becomes, unconditional, regardless of whether they have been billed or are unbilled.

A contract liability is recognised when the customer pays, or is required to pay, in advance of the Company satisfying one or more performance obligations.

A refund liability, such as an accrued rebate to customers, is recognised to the extent that the Company receives consideration that it expects to refund to the customer.

Financial Instruments

The Company's financial instruments comprise financial assets – debtors, and cash at banks, including amounts owed by group undertakings, and financial liabilities – trade and other creditors and amounts owed to group undertakings. In all cases, cash flows comprise solely payments of principal and interest that represents compensation for the time value of money and credit risk.

(i) Trade debtors-and contract assets

Trade debtors are initially recognised and measured in accordance with the Company's policies for recognising revenue (see above). Most trade debtors are held to collect contractual cash flows and subsequently carried at amortised cost less impairment.

Certain trade debtors are subject to factoring arrangements and may be realised through sale. These are held at fair value with cumulative gains and losses calculated by reference to the amortised cost less impairment of the debtors, and recognised in other comprehensive income (FVOCI). Gains and losses recognised in other comprehensive income are reclassified to profit or loss on the disposal of the related debtors.

The Company's factoring transactions are invariably without recourse to the Company and result in the transfer of substantially all the risks and rewards of the transferred debtors which are, therefore, derecognised. Factoring cost are included in interest payable and similar charges.

Impairment is recognised on trade debtors and contract assets on the basis of expected credit losses calculated using the Company's past loss experience, adjusted for its expectations about the future. The Company uses an impairment allowance; increases and decreases in the allowance are recognised in profit or loss. Trade and other Debtors are also written off and derecognised when there is no realistic prospect of further recoveries.

(ii) Other financial assets

All other financial assets are recognised when the Company becomes a party to the contractual terms, and are derecognised when they are settled.

They are held to collect contractual cash flows, recognised initially at fair value, which is generally the transaction price, and held at amortised cost. Impairment is recognised on an expected credit loss basis but is generally immaterial. Interest is accrued using the effective interest method and is recognised in interest receivable.

(iii) Financial liabilities

Financial liabilities are recognised when the Company becomes party to the contractual terms and are recognised initially at fair value and subsequently at amortised cost with interest payable accrued using the effective interest method and recorded in profit or loss. Financial liabilities are derecognised generally on settlement.

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The Company assesses whether a contract is, or contains, a lease on inception.

The lease term is either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Company will extend the term, or a lease period in which it is reasonably certain that the Company will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

(i) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term, or if the Company expects to exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as the Company's other property, plant and equipment.

Right-of-use assets are reduced by impairment losses, if any, and are adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the total lease payments due on the commencement date, discounted using either the interest rate implicit in the lease, if readily determinable, or more usually, an estimate of the Company's incremental borrowing rate on the inception date for a loan with similar terms to the lease.

The incremental borrowing rate is estimated by obtaining interest rates from various external financing sources and includes adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including payments which are substantively fixed;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As permitted by IFRS 16, the Company does not recognise right-of-use assets and lease liabilities for leases of low-value assets (less than the sterling equivalent of US$5,000) and leases with a maximum term of less than 12 months. Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates and is, therefore, its functional currency.

Transactions in foreign currencies are recognised at the rates of exchange prevailing on the date of the transactions and foreign currency monetary assets and liabilities are retranslated at the rates prevailing at the reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

Employee benefit costs

(i) Short-term employee benefits

Salaries, bonus payments, and paid annual leave are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution pension plan

The Company operates a defined pension contribution plan for its employees under which the Company pays fixed contributions. Once contributions have been paid, the Company has no further liability.

The contributions are recognised as an expense in profit or loss when they fall due. Unpaid contributions are recorded as a liability.

The assets of the plan are held separately from the Company in independently administered funds.

Taxation

The tax expense comprises current and deferred tax.

Current tax 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 balance sheet date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of an asset or liability that at the time of the transaction affects neither accounting nor taxable profit nor loss. 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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.

The Company applies *International Tax Reform – Pillar Two Model Rules – amendments to IAS 12* which introduced a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the OECD.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment.

Depreciation is recognised to write off to profit or loss the cost of assets, less any residual values, over their useful lives, using the straight-line method, as follows:

Leasehold improvements	length of lease
Fixtures and fittings	over a period of 2 to 5 years
Electronic equipment	over a period of 3 to 5 years

Estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

A tangible fixed asset is derecognised on disposal or scrapping when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an asset, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognised in profit or loss.

Stocks

Stocks comprise inventories of finished goods for resale and work in progress and are stated at the lower of cost and net realisable value.

Cost comprises expenditure on goods, direct materials and, where applicable, direct labour costs and overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average cost method.

Net realisable value represents the estimated selling price of inventory, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Reductions in the carrying amount of inventories to reflect net realisable value are recorded in profit or loss. Obsolete inventory that has nil net realisable value is written off in full.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

A provision is classified as current when:

(a) it is due to be settled within twelve months after the reporting period; or

(b) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other provisions are classified as non-current.

Changes in accounting standards

The International Accounting Standards Board (IASB) issued a number of new IFRS accounting standards, amendments to standards or interpretations are effective from January 1, 2023. The following amendments were adopted, with no material effect on the Company's financial statements:

Definition of Accounting Estimates – amendments to IAS 8 provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates.

International Tax Reform – Pillar Two Model Rules – amendments to IAS 12 introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax laws that implement qualified domestic minimum top-up taxes described in those rules. They also introduce disclosure requirements about such taxes. The amendments were immediately effective upon issuance in May 2023, and require retrospective application.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12 narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 require to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosures.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgments in applying the Company's accounting policies

Revenue recognition

Revenue is recognised when a performance obligation is satisfied which is when control of a good is transferred or service is rendered to a customer as described in Note 2. A number of judgements are inherent in revenue recognition and revenue could materially change if the directors' judgements were changed.

To determine the satisfaction of performance obligations, the Company applies the following judgements:

Where revenue is recognised over time, the Company uses either the input or the output methods of measurement to value revenue progress. Judgements applied when using the input method include determining if consumption of those resources faithfully depicts the value of goods and/or services provided to the customer and measuring the consumption of internal resources relative to the total expected contract.

Judgements applied when using the output method include assessing progress and milestones achieved and determining if that represents the value of goods and/or services delivered to the customer.

Where revenue is recognised at a point in time, the Company assesses the transfer of control by reference to the contractual terms and past business practice. These include the Company having a legal right to payment, title has passed, the customer has the risks and rewards of ownership or the customer is using the asset to generate value for themselves.

The following practical expedients have been applied, as permitted by IFRS 15—the relevant accounting standard for revenue from contracts with customers:

(i) Where the Company anticipates at contract inception that the timing difference between the transfers of control of a good or service to a customer, and the customer paying for that good or service will be one year or less, no financing element is accounted for.

(ii) Costs of obtaining a contract are expensed as incurred where the amortisation period of the asset that would have been recognised is one year or less.

(iii) Contracts with a duration of one year or less, and contracts where revenue equates exactly to performance, have been excluded from the unsatisfied performance obligation disclosure.

Key sources of estimation uncertainty

Areas where material estimation uncertainty may exist are as follows:

Refund liabilities

Refund liabilities comprise estimates for price rebates and other refunds of consideration to customers under the terms of revenue contracts.

Refund liabilities can be analysed as follows:

	2023 £'000	2022 £'000
Rebates	9,791	14,424
Other refunds	12,603	12,803
	£22,394	£27,227

Refund liabilities have reduced during the year as a result of the decline in the Company's sales.

The amounts are based on multiple assumptions. Actual amounts settled depend on uncertain future events.

Refund liabilities (continued)

Rebates

For rebates based on volumes sold, the Company determines the sales price per unit in sales contracts in which the customer is offered a volume discount, estimates the most likely volume of equipment that it expects the customer to purchase, and uses this as the basis for determining the price at which to measure the revenue earned for quantities sold under that contract. If customers purchase different amounts, prices would increase or decrease resulting in an adjustment to the revenue recognised in the year and a corresponding change in the liability.

For rebates based on price levels, the Company estimates the future price levels for the same goods that were sold to the original customers eligible for rebate. If future prices differ from current estimates, this would also lead to an increase or decrease in the revenue recognised in the year and a corresponding change in the liability.

Other refunds

Other refunds are possible customer claims under the relevant contracts and represent the Company's best estimate of amounts repayable. In determining these, the Company considers many factors, including but not limited to, contractual terms and commitments, business practices, historical experience in similar cases, and ongoing discussions with customers.

The lengthy timescales involved in raising and settling such claims may result in a material change to the provision in periods subsequent to 2023.

4. Revenue

An analysis of the Company's revenue by geographical market is set out below:

	2023 £'000	2022 £'000
UK	133,646	253,923
Rest of Europe	7,071	8,330
Rest of World	88,888	96,816
	229,605	359,069

An analysis of the Company's revenue by products and service lines is set below:

	2023 £'000	2022 £'000
Sales of products	79,197	199,452
Rendering of services	67,796	69,992
Rendering of services to other group undertakings	82,612	89,625
	229,605	359,069

Contract balances

Information on trade debtors, contract assets and contract liabilities arising from contracts with customers is as follows:

	2023	2022
	£'000	£'000
Trade debtors	36,958	38,010
Contract assets	1,825	946
Contract liabilities	31,133	52,182

All contract assets are expected to be realised within 12 months. Contract assets are transferred to Trade debtors when contractual rights to payment become unconditional on further performance.

Of contract assets at 31 December 2022, £794,917 were transferred to accounts receivable in 2023. Of contract liabilities at 31 December 2022, £28,617,532 were recognised in revenue in 2023.

5. Profit for the financial year

Profit for the financial year is stated after charging / (crediting):	2023	2022
	£'000	£'000
Net foreign exchange losses / (gains)	704	(1,410)
Depreciation	6,979	10,482
Gain on disposal of tangible fixed assets	(1,193)	(197)
Staff costs (see note 7)	61,442	81,580

6. Auditor's remuneration

Fees for the audit of the Company's annual financial statements were £171,580 (2022: £161,110).

7. Staff costs

The monthly average number of employees (including executive directors) was:

	2023	2022
	No.	No.
Sales	113	156
Services	69	84
Others	78	111
	260	351

Total staff costs comprised:

	2023 £'000	2022 £'000
Wages and salaries	52,886	69,825
Social security	7,529	10,524
Pension and insurance costs	1,027	1,231
	61,442	81,580

Pension and insurance costs primarily represent contributions payable to a defined contribution pension scheme for qualifying employees at rates specified in the scheme's rules. There are no outstanding or prepaid contribution at the end of the current or preceding financial year.

8. Directors' remuneration

	2023 £'000	2022 £'000
Aggregate remuneration	1,227	1,560
	1,227	1,560

The remuneration of the highest paid director was £926,996.65 (2022: £473,391.66). There were no pension contributions made on behalf of the directors and there were no payments other than salaries and bonuses made to any director during the year.

9. Interest receivable and similar income

	2023 £'000	2022 £'000
Interest on bank deposits	2,449	680
Interest receivable from customer financing	47	18
Gain on foreign currency translation	-	1,410
Total interest receivable	2,496	2,108

10. Interest payable and similar charges

	2023 £'000	2022 £'000
Factoring charges	3,063	3,001
Interest on lease liabilities	564	427
Loss on foreign currency translation	704	-
Total interest payable	4,331	3,428

Notes to the Financial Statements
Year ended 31 December 2023

11. Taxation

An analysis of the tax charge for the year is as follows:

	2023 £'000	2022 £'000
Current tax:		
UK corporation tax on profits for the year	2,156	3,393
Adjustments in respect of prior years	(350)	65
Total current tax	1,806	3,458
Deferred tax (note 17):		
Origination and reversal of temporary differences	891	521
Adjustments in respect of prior years	342	(70)
Impact of change in tax rate	-	(159)
Total deferred tax	1,233	292
Total tax charge for the year	3,039	3,750

The weighted average statutory tax rate for 2023 was 23.52%, being 19% for the 3 months to 31 March 2023 and 25% for the 9 months to 31 December 2023.

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2023 £'000	2022 £'000
Profit before taxation	11,477	17,564
Tax at the UK corporation tax rate of 23.52% (2022: 19%)	2,699	3,337
Tax effects of:		
Expenses that are not deductible in determining taxable profit	295	577
Re-measurement of deferred tax balances due to changes in tax rate	53	(159)
Adjustments to tax charge in respect of prior years		
Current tax- tax Adjustments for previous Years	(350)	65
Deferred tax- tax Adjustments for previous Years	342	(70)
Total tax charge for the year	3,039	3,750

Notes to the Financial Statements
Year ended 31 December 2023

12. Tangible fixed assets

	Leasehold improvements £'000	Leasehold property £'000	Electronic equipment £'000	Others £'000	Total £'000
Cost					
At 1 January 2023	14,616	28,252	43,368	642	86,878
Additions	4,842	1,838	16	339	7,035
Disposals	(10,337)	(17,977)	(6,385)	(432)	(35,131)
At 31 December 2023	9,121	12,113	36,999	549	58,782
Accumulated depreciation					
At 1 January 2023	11,229	17,655	35,950	529	65,363
Charge for the year	1,337	2,734	2,815	93	6,979
Disposals	(10,338)	(17,976)	(6,216)	(407)	(34,937)
At 31 December 2023	2,228	2,413	32,549	215	37,405
Carrying amount					
At 31 December 2023	6,893	9,700	4,450	334	21,377
At 31 December 2022	3,387	10,597	7,418	113	21,515

13. Stocks

	2023 £'000	2022 £'000
Work-in-progress	322	689
Finished goods	23,963	27,901
	24,285	28,590

14. Debtors

	2023 £'000	2022 £'000
Trade debtors	36,958	38,010
Amounts owed by group undertakings	19,737	39,795
Other debtors	683	1,154
Corporation tax	1,877	437
Deferred tax assets (see note 17)	1,222	2,450
Prepayments	307	1,091
	60,784	82,937

Notes to the Financial Statements
Year ended 31 December 2023

Debtors (continued)

Of which, the following are due after one year:

	2023 £'000	2022 £'000
Other debtors	54	53
Deferred tax assets (see note 17)	1,222	2,450
	1,276	2,503

15. Trade and other creditors

(i) Amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	2,293	2,115
Amounts owed to group undertakings	13,219	9,830
Social security and other taxes	3,924	4,988
Refund liabilities	22,394	27,227
Other creditors	1,189	5,494
Accruals	31,993	32,906
Lease liabilities within one year	2,231	2,259
	77,243	84,819

Refund liabilities comprise amounts payable to customers in respect of volume rebates and penalties due under revenue contracts.

(ii) Amounts falling due after more than one year

	2023 £'000	2022 £'000
Lease liabilities	9,287	9,598

Notes to the Financial Statements
Year ended 31 December 2023

16. Provisions

(i) Amounts falling due within one year

	2023 £'000	2022 £'000
Warranty	2,308	4,042

(ii) Amounts falling due after more than one year

	2023 £'000	2022 £'000
Others	2,005	5,500

(iii) Movements in provisions

	Warranty provision £'000	Other provisions £'000	Total £'000
At 1 January 2023	4,042	5,500	9,542
Additional provisions made in the year, including increases to existing provisions	610	1,333	1,943
Amounts utilised	(53)	(4,522)	(4,575)
Amounts reversed	(2,291)	(306)	(2,597)
At 31 December 2023	2,308	2,005	4,313

The warranty provision is an estimate of the expected cost of remediation of mainly consumer and digital power products. It is recognised at the same time as the transfer of the goods to the customer and is estimated based on historical data experience of costs incurred remediating similar products. Unutilised provisions are released at the end of the warranty period. As the Company has no unconditional right to defer its warranty obligations for at least twelve months after the reporting period, such provisions are classified as short term, irrespective of length of warranty period.

Other provisions mainly relate to the cost of decommissioning improvements to leasehold property.

Amounts presented above are undiscounted as the effect of discounting is immaterial.

Notes to the Financial Statements
Year ended 31 December 2023

17. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Company, and movements thereon during the current and prior reporting period.

General tax rate for deferred tax calculation is 25%.

Deferred tax assets	**Decelerated Capital Allowances £'000**	**Other temporary differences £'000**	**Total £'000**
At 1 January 2022	2,716		2,716
Credit to profit or loss	(292)		(292)
Charge to other comprehensive income		26	26
At 1 January 2023	2,424	26	2,450
Credit to profit or loss	(1,233)		(1,233)
Charge to other comprehensive income		5	5
At 31 December 2023	1,191	31	1,222

18. Share capital

	2023 £'000	**2022 £'000**
Issued and fully paid:		
5,600,000 ordinary shares of $1 each	2,905	2,905

Other Reserves relates to fair value changes recognised directly in Other Comprehensive Income.

19. Leases

As lessee

Right of Use Assets

Right-of-use assets included within tangible fixed assets (see note 12) are as follows:

	Leasehold property £'000	**Others £'000**	**Total £'000**
At 1 January 2023	10,596	33	10,629
Additions	1,838	0	1,838
Depreciation charge for the year	(2,734)	(30)	(2,764)
At 31 December 2023	9,700	3	9,703

19. Leases(continued)

Lease liabilities:

	2023 £'000	2022 £'000
Current	2,231	2,259
Non- current	9,287	9,598
Total	11,518	11,827

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2023 £'000	2022 £'000
Interest on lease liabilities	564	427
Expenses related to short term leases	72	203
Expenses related to leases of low value	22	18
Total	658	648

20. Parent and ultimate controlling party

The Company's ultimate parent company and ultimate controlling party is Huawei Investment & Holding Co., Ltd., a company incorporated in the People's Republic of China. The parent undertaking of the largest group, which includes the Company and for which group financial statements are prepared, is Huawei Investment & Holding Co., Ltd.. The parent undertaking of the smallest such group is Huawei Technologies Coöperatief U.A., an incorporated legal entity in the Netherlands, whose consolidated financial statements are available to the public and can be obtained from www.kvk.nl.