

MDS GLOBAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

MDS GLOBAL LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Director | David Nyland |
| Registered number | 02263085 |
| Registered office | Suite 423 Chadwick House Birchwood Park Birchwood Warrington Cheshire WA3 6AE |
| Independent auditors | Langtons Professional Services Limited Chartered Accountants & Statutory Auditor 100 Old Hall Street Liverpool L3 9QJ |

MDS GLOBAL LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

The directors present their strategic report for the year ended 31 December 2023.

Business review

The Directors aim to present a balanced comprehensive review of development and performance of the business during the year, and its position at the year-end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

Principal risks and uncertainties

Like many businesses the Company is exposed to a number of risks and uncertainties and managing these risks is an integral part of our business. The principal risks are as follows:

Competition: The company operates in a highly competitive global market. This requires the company to continue to innovate and be highly responsive to market demands. The Company mitigates this risk by investing continuously in marketing, solution strategy, strategic partnerships, design and technology to ensure it remains at the head of its field and delivers solutions which are cost-effective, flexible and relevant over the long term to its target market segments. In addition, the company builds long term relationships with its customers. As well as entering into long term licences and contracts for services, it works to ensure continuity through the provision of high quality solutions and services which meet the exacting standards of its customers.

Security: Like most businesses cyber threats pose a risk to our business. We recognise the potential impact of a security breach on our business in terms of reputational damage. We therefore invest in both technology and internal controls to ensure our infrastructure remains secure.

People: The Company recognises the importance of key people to facilitate the continued growth profile of the business. The business maximises staff retention by investing in training programmes.

Political: The result of the UK referendum to leave the European Union ('Brexit') has increased the political uncertainty on the UK. We have considered the implications for the business and have concluded it is unlikely to have any material adverse impact on the business.

Financial key performance indicators

The directors use the Key Performance Indicators defined by our parent group to manage the business. The key performance indicators are revenue growth:

| | 2023 | 2022 |
|-------------------------|-------------|-------------|
| Turnover | £17,991,365 | £21,056,214 |
| Revenue Growth | -14.56% | -18.56% |
| Operating profit | £6,643,131 | £5,768,812 |
| Operating profit margin | 36.9% | 27.4% |

Revenues declined -14.56% in the year driven by slight reduction in Professional Services revenue. Recurring Revenues fell by 4.8% due to a specific customer loss in FY22 which continued to impact in 2023, with a return to growth in 2024. Our operating profit margin increased from 27.4% to 36.9% generating an operating profit for the year of £6.6m. Operating margins are expected to continue positively.

The Directors consider these results to be satisfactory.

MDS GLOBAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

This report was approved by the board on 19 September 2024 and signed on its behalf.

David Nyland
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company during the period was the provision of software and managed services for Communication Service Providers in the Telecommunications Industry. The company provides Cloud solutions for convergent real time charging, billing and customer management.

Results and dividends

The profit for the year, after taxation, amounted to £5,864,808 (2022 - loss £6,064,454).

No dividends were paid in the year.

Directors

The directors who served during the year were:

B. Beattie (resigned 11 January 2024)
M. R. Miller (resigned 11 January 2024)
David Nyland

Future developments

The Company continues to look to secure new customer contracts and develop its relationships with its existing customers

MDS GLOBAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

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

Auditors

The auditors, Langtons Professional Services Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 September 2024 and signed on its behalf.

David Nyland
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MDS GLOBAL LIMITED

Opinion

We have audited the financial statements of MDS Global Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MDS GLOBAL LIMITED (CONTINUED)

Opinion 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 set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MDS GLOBAL LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

The objectives of our audit, in respect to fraud, are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), the relevant tax compliance regulations in the UK and the EU General Data Protection Regulation (GDPR).

We understood how the Company is complying with those frameworks by making enquiries of management. Through consideration of the results of our audit procedures we were able to either corroborate or provide contrary evidence which was then followed up.

Based on our understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved:

- enquiries of management; and
- journal entry testing, with a focus on manual journals indicating large or unusual transactions based on our understanding of the business.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage revenue and earnings. Where the risk was considered to be higher, including areas impacting key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition detailed above, the assessment of items identified by management as non-recurring and testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MDS GLOBAL LIMITED (CONTINUED)

Auditors' 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 Auditors' 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.

Eifion Roberts (Senior statutory auditor)

for and on behalf of

Langtons Professional Services Limited

Chartered Accountants
Statutory Auditor

100 Old Hall Street
Liverpool
L3 9QJ

19 September 2024

MDS GLOBAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

| | Note | 2023 £ | 2022 £ |
|---|------|-------------------------|---------------------------|
| Turnover | 4 | 17,991,365 | 21,056,214 |
| Gross profit | | 17,991,365 | 21,056,214 |
| Administrative expenses | | (11,410,575) | (15,287,402) |
| Operating profit | 5 | 6,580,790 | 5,768,812 |
| Amounts written off investments | | - | (10,715,702) |
| Interest receivable and similar income | 8 | 4,022 | - |
| Interest payable and similar expenses | 9 | (20,407) | - |
| Profit/(loss) before tax | | 6,564,405 | (4,946,890) |
| Tax on profit/(loss) | 10 | (699,597) | (1,117,564) |
| Profit/(loss) for the financial year | | <u>5,864,808</u> | <u>(6,064,454)</u> |

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 13 to 28 form part of these financial statements.

MDS GLOBAL LIMITED
REGISTERED NUMBER: 02263085

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

| | Note | 2023 £ | 2022 £ |
|--|------|-------------|-------------|
| Fixed assets | | | |
| Intangible assets | 11 | 115,718 | - |
| Tangible assets | 12 | 2,695 | - |
| | | 118,413 | - |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 10,142,109 | 5,456,724 |
| Cash at bank and in hand | 14 | 1,621,686 | 2,574,664 |
| | | 11,763,795 | 8,031,388 |
| Creditors: amounts falling due within one year | 15 | (3,915,229) | (5,929,217) |
| Net current assets | | 7,848,566 | 2,102,171 |
| Total assets less current liabilities | | 7,966,979 | 2,102,171 |
| Net assets | | 7,966,979 | 2,102,171 |
| Capital and reserves | | | |
| Called up share capital | 18 | 100 | 100 |
| Share premium account | 19 | 299,988 | 299,988 |
| Profit and loss account | 19 | 7,666,891 | 1,802,083 |
| | | 7,966,979 | 2,102,171 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 September 2024.

David Nyland
Director

The notes on pages 13 to 28 form part of these financial statements.

MDS GLOBAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|-------------------------------|---------------------------------|-------------------|
| At 1 January 2022 | 100 | 299,988 | 7,866,537 | 8,166,625 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (6,064,454) | (6,064,454) |
| Total comprehensive income for the year | - | - | (6,064,454) | (6,064,454) |
| At 1 January 2023 | 100 | 299,988 | 1,802,083 | 2,102,171 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 5,864,808 | 5,864,808 |
| Total comprehensive income for the year | - | - | 5,864,808 | 5,864,808 |
| At 31 December 2023 | <u>100</u> | <u>299,988</u> | <u>7,666,891</u> | <u>7,966,979</u> |

The notes on pages 13 to 28 form part of these financial statements.

MDS GLOBAL LIMITED

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2023

| | At 1 January 2023 £ | Cash flows £ | At 31 December 2023 £ |
|--------------------------|---------------------------|------------------|--------------------------------|
| Cash at bank and in hand | 2,574,664 | (952,978) | 1,621,686 |
| | <u>2,574,664</u> | <u>(952,978)</u> | <u>1,621,686</u> |

The notes on pages 13 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

MDS Global Limited is a private limited liability company, limited by shares and registered in England and Wales in the United Kingdom. The registered office is Suite 423 Chadwick House, Birchwood Park, Birchwood, Warrington, Cheshire, WA3 6AE and the company number is 02263085.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The presentation currency of these financial statements is pound sterling; the financial statements are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.3 Going concern

The company remains profitable and meets its day to day working capital requirements through its own cash funds.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash resources.

After making enquiries, 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 in preparing the annual report and financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Turnover represents amounts recognised over the period of contracts for the provision of services which fall within the company's ordinary activities, after deduction of trade discounts and value added tax. The turnover and pre-tax result are attributable to the design, sale and installation of bespoke subscriber management software and the provision of a Managed Service for participants in the Telecommunications industry.

Revenue is recognised over the period of the contract in accordance with the associated costs and services provided.

Profit is recognised on long-term contracts if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Where a contract is predicted to be loss making, a provision for the expected contract losses is made.

2.6 Operating leases: the Company as lessee

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

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.8 Finance costs

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

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of comprehensive income over its useful economic life.

Other intangible assets

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

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

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|-------------------------------|-----------|
| Short-term leasehold property | - 5 years |
| Office equipment | - 5 years |
| Computer equipment | - 3 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Debtors

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

2.16 Cash and cash equivalents

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

2.17 Creditors

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

2.18 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Statement of financial position 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 trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.18 Financial instruments (continued)

present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

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

The directors have made judgements regarding the amortisation of intangible fixed assets, depreciation of tangible fixed assets, value of deferred tax asset recognised and the value of various accruals / provisions within creditors, including the value of the dilapidation provision.

4. Turnover

The whole of the turnover is attributable to the principle activity of the company.

Analysis of turnover by country of destination:

| | 2023 £ | 2022 £ |
|-------------------|-------------------|-------------------|
| United Kingdom | 16,591,558 | 19,395,742 |
| Rest of Europe | 799,428 | 1,022,056 |
| Rest of the world | 600,379 | 638,416 |
| | <u>17,991,365</u> | <u>21,056,214</u> |

5. Operating profit

The operating profit is stated after charging:

| | 2023 £ | 2022 £ |
|-------------------------------|----------------|----------------|
| Exchange differences | 46,389 | (16,666) |
| Other operating lease rentals | 65,445 | 521,169 |
| | <u>111,834</u> | <u>504,503</u> |

MDS GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

| | 2023 | 2022 |
|--|---------------|---------------|
| | £ | £ |
| Fees payable to the Company's auditors for the audit of the Company's financial statements | <u>18,900</u> | <u>18,000</u> |

7. Employees

Staff costs were as follows:

| | 2023 | 2022 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 5,282,247 | 6,330,580 |
| Social security costs | 593,480 | 758,467 |
| Cost of defined contribution scheme | 194,120 | 250,484 |
| | <u>6,069,847</u> | <u>7,339,531</u> |

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

| | 2023 | 2022 |
|-------|-----------|------------|
| | No. | No. |
| Staff | <u>84</u> | <u>109</u> |

8. Interest receivable

| | 2023 | 2022 |
|---------------------------|--------------|----------|
| | £ | £ |
| Other interest receivable | 4,022 | - |
| | <u>4,022</u> | <u>-</u> |

MDS GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9. Interest payable and similar expenses

| | 2023 | 2022 |
|------------------------|--------|------|
| | £ | £ |
| Other interest payable | 20,407 | - |
| | 20,407 | - |
| | 20,407 | - |

10. Taxation

| | 2023 | 2022 |
|--|----------------|------------------|
| | £ | £ |
| Corporation tax | | |
| Current tax on profits for the year | 1,401,748 | 992,688 |
| Adjustments in respect of previous periods | (107,366) | (13,391) |
| | 1,294,382 | 979,297 |
| Double taxation relief | (49,203) | - |
| Group taxation relief | (881,514) | - |
| | 363,665 | 979,297 |
| Foreign tax | | |
| Foreign tax in respect of prior periods | 49,203 | - |
| | 49,203 | - |
| Total current tax | 412,868 | 979,297 |
| Deferred tax | | |
| Origination and reversal of timing differences | 286,729 | 138,267 |
| Total deferred tax | 286,729 | 138,267 |
| Taxation on profit on ordinary activities | 699,597 | 1,117,564 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022 - *higher than*) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

| | 2023 £ | 2022 £ |
|--|------------------|--------------------|
| Profit/(loss) on ordinary activities before tax | <u>6,564,405</u> | <u>(4,946,890)</u> |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%) | 1,543,984 | (939,909) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 5,770 | 2,036,311 |
| Fixed asset timing differences | (68) | 1,370 |
| Adjustments to tax charge in respect of prior periods | (107,366) | (13,391) |
| Remeasurement of deferred tax for changes in tax rates | 138,791 | 33,183 |
| Group relief | (881,514) | - |
| Total tax charge for the year | <u>699,597</u> | <u>1,117,564</u> |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

11. Intangible assets

| | Develop- ment expenditure £ | Computer software £ | Other intangibles £ | Total £ |
|-------------------------------------|--------------------------------------|---------------------------|---------------------------|------------------|
| Cost | | | | |
| At 1 January 2023 | 1,323,611 | 1,928,330 | - | 3,251,941 |
| Additions | - | - | 134,439 | 134,439 |
| At 31 December 2023 | <u>1,323,611</u> | <u>1,928,330</u> | <u>134,439</u> | <u>3,386,380</u> |
| Amortisation | | | | |
| At 1 January 2023 | 1,323,611 | 1,928,330 | - | 3,251,941 |
| Charge for the year on owned assets | - | - | 18,721 | 18,721 |
| At 31 December 2023 | <u>1,323,611</u> | <u>1,928,330</u> | <u>18,721</u> | <u>3,270,662</u> |
| Net book value | | | | |
| At 31 December 2023 | <u>-</u> | <u>-</u> | <u>115,718</u> | <u>115,718</u> |
| <i>At 31 December 2022</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12. Tangible fixed assets

| | Short-term leasehold property £ | Office equipment £ | Computer equipment £ | Total £ |
|-------------------------------------|--|--------------------------|----------------------------|-------------|
| Cost or valuation | | | | |
| At 1 January 2023 | 423,625 | 18,672 | 886,160 | 1,328,457 |
| Additions | - | - | 3,881 | 3,881 |
| Disposals | (423,625) | (18,672) | (886,160) | (1,328,457) |
| At 31 December 2023 | - | - | 3,881 | 3,881 |
| Depreciation | | | | |
| At 1 January 2023 | 423,625 | 18,672 | 886,160 | 1,328,457 |
| Charge for the year on owned assets | - | - | 1,186 | 1,186 |
| Disposals | (423,625) | (18,672) | (886,160) | (1,328,457) |
| At 31 December 2023 | - | - | 1,186 | 1,186 |
| Net book value | | | | |
| At 31 December 2023 | - | - | 2,695 | 2,695 |
| <i>At 31 December 2022</i> | - | - | - | - |

MDS GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

13. Debtors

| | 2023 £ | 2022 £ |
|------------------------------------|-------------------|------------------|
| Trade debtors | 4,521,388 | 3,798,130 |
| Amounts owed by group undertakings | 4,046,851 | 58,883 |
| Other debtors | 130,800 | 100,673 |
| Prepayments and accrued income | 664,463 | 433,702 |
| Deferred taxation | 778,607 | 1,065,336 |
| | <u>10,142,109</u> | <u>5,456,724</u> |

14. Cash and cash equivalents

| | 2023 £ | 2022 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 1,621,686 | 2,574,664 |
| | <u>1,621,686</u> | <u>2,574,664</u> |

15. Creditors: Amounts falling due within one year

| | 2023 £ | 2022 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 323,537 | 445,118 |
| Amounts owed to group undertakings | - | 922,975 |
| Corporation tax | 997,254 | 1,264,608 |
| Other taxation and social security | 730,320 | 694,321 |
| Other creditors | 213,539 | 88,763 |
| Accruals and deferred income | 1,650,579 | 2,513,432 |
| | <u>3,915,229</u> | <u>5,929,217</u> |

MDS GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

16. Financial instruments

| | 2023 | 2022 |
|--|------------------|------------------|
| | £ | £ |
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | <u>1,621,686</u> | <u>2,574,664</u> |

Financial assets measured at fair value through profit or loss comprise bank and cash in hand.

17. Deferred taxation

| | 2023 |
|---------------------------|----------------|
| | £ |
| At beginning of year | 1,065,336 |
| Charged to profit or loss | (286,729) |
| At end of year | <u>778,607</u> |

The deferred tax balance is made up as follows:

| | 2023 | 2022 |
|--------------------------------|----------------|------------------|
| | £ | £ |
| Accelerated capital allowances | 764,756 | 925,708 |
| Short term timing differences | 13,851 | 139,628 |
| | <u>778,607</u> | <u>1,065,336</u> |
| Comprising: | | |
| Asset - due within one year | <u>778,607</u> | <u>1,065,336</u> |
| | <u>778,607</u> | <u>1,065,336</u> |

MDS GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

18. Share capital

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 10,000 (2022 - 10,000) Ordinary shares of £0.01 each | <u>100</u> | <u>100</u> |

19. Reserves

Share premium account

The share premium account represents the premium paid on issue of shares.

Profit and loss account

The profit and loss account represents the total of all profits and losses made to date, less dividends paid.

20. Pension commitments

The Company pays into personal pension plans. The assets of the plans are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the plans and amounted to £194,120 (2022 - £250,484). Contributions totalling £42,610 (2022 - £48,697) were payable to the fund at the reporting date and are included in creditors.

21. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2023 | 2022 |
|--|----------------------|-----------------------|
| | £ | £ |
| Not later than 1 year | 42,135 | 72,110 |
| Later than 1 year and not later than 5 years | - | 54,082 |
| | <u>42,135</u> | <u>126,192</u> |

22. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A of FRS 102 and has not disclosed transactions with other wholly owned group companies.

MDS GLOBAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

23. Controlling party

The immediate parent company is MDS CEM Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking is Lumine Group Inc. a company incorporated in Canada.

Copies of the consolidated financial statements of Lumine Group Inc. are publicly available from 5060 Spectrum Way, Suite 100, Mississauga, ON L4W 5N5, Canada.

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.