

Company Registration No. 02704083 (England and Wales)

TELESTE LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



TELESTE LIMITED

COMPANY INFORMATION

Directors	Mr J Dando Mrs M Van Der Merwe
Company number	02704083
Registered office	Unit A Chiltern Commerce Centre Asheridge Road Chesham Buckinghamshire HP5 2PY
Accountants	Azets 2 Minton Place Victoria Road Bicester Oxfordshire OX26 6QB
Business address	Unit A Chiltern Commerce Centre Asheridge Road Chesham Buckinghamshire HP5 2PY

TELESTE LIMITED

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TELESTE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Principal Activities

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

Principal risks and uncertainties

The key business risks and uncertainties affecting the business are considered to relate to competition, suppliers, the economic environment, exchange differences and staff retention. The global COVID-19 global pandemic has tested our resources, and resourcefulness since March 2020, but we are confident of a return to growth and normal operations in 2021.

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

Development and performance

The results for the year are set out on page 4.


The company is financially secure and in a good position to take advantage of any opportunities which may arise in the future, especially as markets and society in general begins to open up following the COVID-19 pandemic.

The directors aim to maintain the management policies which have resulted in the company's performance and growth over the years, as well as assisting in our survival and recovery during the COVID-19 crisis.

Key performance indicators

The company has made significant progress throughout the year in relation to key elements of its strategy, in spite of the many difficulties encountered during the COVID-19 pandemic. We are happy that the short-term measures and changes we put in place not only protected the company, but also ensured a solid platform for recovery in 2021. The directors monitor the progress of the company by reference to the following financial and non-financial key performance indicators: sales achieved, costs, success on contract bids, new revenue generated from new and existing customers, customer satisfaction and direct labour utilisation.

On behalf of the board


.....
Mrs M Van Der Merwe
Director
09/09/21
.....

TELESTE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Directors

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

Mr J Dando
Mrs M Van Der Merwe

Results and dividends

Ordinary dividends were paid amounting to £750,000. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

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

Charitable donations

The company made charitable donations totalling £nil during the year (2019: £100).

Post reporting date events

On 18th February 2021, which was after the reporting period but before the date of signing these financial statements, the ultimate parent company and senior management agreed to restructure and merge the UK entities; Teleste Limited, Asheridge Investments Limited and Teleste UK Limited. It is intended that the operating activities of these companies will continue in Teleste Limited resulting in increased growth for the company.


Going concern

A financial review of the results, forecasts and cash flows are performed on a periodic basis between the management team and the directors. As a consequence, the directors believe that the company is able to manage its business and cash flow requirements successfully.

The Coronavirus disease was declared a pandemic on 11th March 2020, the pandemic continued to be in existence at the balance sheet date and at the date of signing these accounts. Therefore, the full implications for the company are unclear at the date of signing these accounts. Whilst it is therefore difficult to evaluate the likely effect on the company's trade, customers, suppliers, employees and the wider economy, the directors have assessed information available when considering going concern.

At the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

On behalf of the board


.....
Mrs M Van Der Merwe
Director
07/07/21

TELESTE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

TELESTE LIMITED

REPORT TO THE DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY ACCOUNTS OF TELESTE LIMITED

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Teleste Limited for the year ended 31 December 2019, which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Change in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

This report is made solely to the Board of Directors of Teleste Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Teleste Limited and state those matters that we have agreed to state to the Board of Directors of Teleste Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Teleste Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that Teleste Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Teleste Limited. You consider that Teleste Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Teleste Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Azets

Azets
Accountant
2 Minton Place
Victoria Road
Bicester
Oxfordshire
OX26 6QB

21/9/2021

TELESTE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	4,849,695	5,914,027
Cost of sales		(3,647,501)	(4,411,900)
Gross profit		1,202,194	1,502,127
Administrative expenses		(880,863)	(1,166,569)
Other operating income		749	66,980
Operating profit	4	322,080	402,538
Interest receivable and similar income	7	2,820	15,550
Interest payable and similar expenses	8	(7,369)	(11,279)
Profit before taxation		317,531	406,809
Tax on profit	9	(61,841)	(84,959)
Profit for the financial year		255,690	321,850

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

TELESTE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Profit for the year	255,690	321,850
Other comprehensive income	-	-
Total comprehensive income for the year	<u>255,690</u>	<u>321,850</u>

TELESTE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11	488,905		495,996	
Investments	12	1,004		1,004	
		<u>489,909</u>		<u>497,000</u>	
Current assets					
Stocks	15	558,452		772,011	
Debtors	16	590,292		1,202,491	
Cash at bank and in hand		1,065,140		1,737,643	
		<u>2,213,884</u>		<u>3,712,145</u>	
Creditors: amounts falling due within one year	17	<u>(464,564)</u>		<u>(1,457,345)</u>	
Net current assets		<u>1,749,320</u>		<u>2,254,800</u>	
Total assets less current liabilities		<u>2,239,229</u>		<u>2,751,800</u>	
Creditors: amounts falling due after more than one year	18	<u>(190,784)</u>		<u>(209,045)</u>	
Net assets		<u>2,048,445</u>		<u>2,542,755</u>	
Capital and reserves					
Called up share capital	22	20,868		20,868	
Profit and loss reserves	23	2,027,577		2,521,887	
Total equity		<u>2,048,445</u>		<u>2,542,755</u>	

TELESTE LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

For the financial year ended 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The financial statements were approved by the board of directors and authorised for issue on ..09/09/21.. and are signed on its behalf by:


Mrs M Van Der Merwe
Director

Company Registration No. 02704083

TELESTE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019		20,868	2,480,037	2,500,905
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	321,850	321,850
Dividends	10	-	(280,000)	(280,000)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2019		20,868	2,521,887	2,542,755
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	255,690	255,690
Dividends	10	-	(750,000)	(750,000)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2020		<u>20,868</u>	<u>2,027,577</u>	<u>2,048,445</u>

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

The company is a qualifying entity as defined by FRS 102 and has therefore chosen to take advantage of the following exemptions:

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

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

Teleste Limited is a wholly owned subsidiary of Asheridge Investments Limited and the results of Teleste Limited are included in the consolidated financial statements of the ultimate parent company, Teleste Oyj, which are available from Telestekahi 1, FI-20660 Littoinen, Finland. www.teleste.com.

1.2 Going concern

A financial review of the results, forecasts and cash flows are performed on a periodic basis between the management team and the directors. As a consequence, the directors believe that the company is able to manage its business and cash flow requirements successfully.

The Coronavirus disease was declared a pandemic on 11th March 2020, the pandemic continued to be in existence at the balance sheet date and at the date of signing these accounts. Therefore, the full implications for the company are unclear at the date of signing these accounts. Whilst it is therefore difficult to evaluate the likely effect on the company's trade, customers, suppliers, employees and the wider economy, the directors have assessed information available when considering going concern.

At the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.3 Turnover

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

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

1.4 Tangible fixed assets

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

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

Leasehold land and buildings	2,3,5 and 45 years straight line
Plant and equipment	Between 2 and 5 years straight line

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

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

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.6 Impairment of fixed assets

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

1.7 Stocks

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

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

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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

1.8 Cash at bank and in hand

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

1.9 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

1.14 Leases

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

1.15 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

	2020	2019
	£	£
Turnover		
Sales	4,691,833	5,789,502
Intercompany sales	157,862	124,525
	<u>4,849,695</u>	<u>5,914,027</u>

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue (Continued)

Other significant revenue		
Interest income	2,820	15,550
	<u> </u>	<u> </u>

Turnover analysed by geographical market

	2020	2019
	£	£
UK	4,591,682	5,527,843
Rest of the world	258,013	386,184
	<u> </u>	<u> </u>
	<u>4,849,695</u>	<u>5,914,027</u>

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	36,511	(29,830)
Depreciation of owned tangible fixed assets	29,563	33,101
Depreciation of tangible fixed assets held under finance leases	-	465
Profit on disposal of tangible fixed assets	-	(1,729)
Decrease / (Increase) in stock	213,558	(152,025)
Operating lease charges	17,633	25,941
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to (£36,511) (2019 - £29,830).

5 Employees

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

	2020	2019
	Number	Number
Administration	2	2
Manufacturing	5	6
Sales	5	5
	<u> </u>	<u> </u>
	<u>12</u>	<u>13</u>

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	451,591	537,560
Social security costs	52,510	43,114
Pension costs	26,913	30,063
	<u>531,014</u>	<u>610,737</u>
Redundancy payments made or committed	-	45,413
	<u>-</u>	<u>45,413</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	155,288	186,430
Company pension contributions to defined contribution schemes	10,041	3,452
	<u>165,329</u>	<u>189,882</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 4).

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

As total directors' remuneration is less than £200,000 year, no disclosure is provided in respect of the highest paid director.

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	-	494
Interest receivable from group companies	-	15,056
Other interest income	2,820	-
	<u>2,820</u>	<u>-</u>
Total income	<u>2,820</u>	<u>15,550</u>

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Other interest	2,499	3,223
Other interest on financial liabilities	4,870	6,384
	<u>7,369</u>	<u>9,607</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	-	1,672
	<u>7,369</u>	<u>11,279</u>

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	60,308	86,681
	<u>60,308</u>	<u>86,681</u>
Deferred tax		
Origination and reversal of timing differences	1,533	(1,722)
	<u>1,533</u>	<u>(1,722)</u>
Total tax charge	<u>61,841</u>	<u>84,959</u>

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

	2020 £	2019 £
Profit before taxation	317,531	406,809
	<u>317,531</u>	<u>406,809</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	60,331	77,294
Tax effect of expenses that are not deductible in determining taxable profit	(830)	7,665
Depreciation on assets not qualifying for tax allowances	2,340	-
	<u>61,841</u>	<u>84,959</u>
Taxation charge for the year	<u>61,841</u>	<u>84,959</u>

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

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Dividends

	2020 £	2019 £
Interim paid	750,000	280,000

11 Tangible fixed assets

	Leasehold land and buildings £	Plant and equipment £	Total £
Cost			
At 1 January 2020	579,284	246,634	825,918
Additions	-	22,472	22,472
At 31 December 2020	579,284	269,106	848,390
Depreciation and impairment			
At 1 January 2020	132,350	197,572	329,922
Depreciation charged in the year	12,648	16,915	29,563
At 31 December 2020	144,998	214,487	359,485
Carrying amount			
At 31 December 2020	434,286	54,619	488,905
At 31 December 2019	446,934	49,062	495,996

	2020 £	2019 £
Depreciation charge for the year in respect of leased assets	-	465

12 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	13	1,004	1,004

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

Fixed asset investments not carried at market value

Investment in a subsidiary is recorded at cost less accumulated impairment. The market value of this investment is not readily available.

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2020 & 31 December 2020	1,004
Carrying amount	
At 31 December 2020	1,004
At 31 December 2019	1,004

13 Subsidiaries

Separate company financial statements are required to be prepared by law. Consolidated financial statements for the Group headed in Finland are prepared and are publicly available.

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Country of residence	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Teleste sp. z.o.o.	53-234 Wroclaw, ul. Grabiszynska 241E Poland	Equipment sales	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Teleste sp. z.o.o.	187,051	641,204

The investment in subsidiary is stated at cost.

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Financial instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	512,978	1,159,614
Equity instruments measured at cost less impairment	1,004	1,004
	<u>513,982</u>	<u>1,160,618</u>
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
Measured at amortised cost	606,347	1,454,283
	<u>606,347</u>	<u>1,454,283</u>

15 Stocks

	2020	2019
	£	£
Raw materials and consumables	530,969	758,056
Work in progress	27,483	13,955
	<u>558,452</u>	<u>772,011</u>

16 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	466,669	1,044,981
Corporation tax recoverable	45,539	-
Amounts owed by group undertakings	14,217	52,511
Other debtors	32,092	62,122
Prepayments and accrued income	27,780	40,177
	<u>586,297</u>	<u>1,199,791</u>
Deferred tax asset (note 20)	1,167	2,700
	<u>587,464</u>	<u>1,202,491</u>
	2020	2019
	£	£
Amounts falling due after more than one year:		
Prepayments and accrued income	2,828	-
	<u>2,828</u>	<u>-</u>
Total debtors	<u>590,292</u>	<u>1,202,491</u>

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

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	19	16,954	15,114
Trade creditors		36,073	619,674
Amounts owed to group undertakings		299,489	547,055
Corporation tax		-	84,763
Other taxation and social security		49,001	127,344
Other creditors		-	9,528
Accruals and deferred income		63,047	53,867
		<u>464,564</u>	<u>1,457,345</u>

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

18 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	19	<u>190,784</u>	<u>209,045</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>122,970</u>	<u>134,001</u>
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19 Loans and overdrafts

	2020 £	2019 £
Bank loans	<u>207,738</u>	<u>224,159</u>
Payable within one year	16,954	15,114
Payable after one year	<u>190,784</u>	<u>209,045</u>

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

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

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Deferred taxation

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

	Assets 2020 £	Assets 2019 £
Balances:		
Accelerated capital allowances	50	2,700
Retirement benefit obligations	1,117	-
	<u>1,167</u>	<u>2,700</u>
		2020 £
Movements in the year:		
Liability/(Asset) at 1 January 2020		(2,700)
Credit to profit or loss		(176)
		<u>(2,876)</u>
Liability/(Asset) at 31 December 2020		<u>(2,876)</u>

The deferred tax asset set out above is expected to reverse within 50 months and relates to deferred capital allowances and retirement benefits.

21 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	26,913	30,063
	<u>26,913</u>	<u>30,063</u>

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

At the balance sheet date the company had pension liabilities totalling £6,485 (2019: £20).

22 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
20,868 Ordinary of £1 each	20,868	20,868
	<u>20,868</u>	<u>20,868</u>

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

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Profit and loss reserves

	2020	2019
	£	£
At the beginning of the year	2,521,887	2,480,037
Profit for the year	255,690	321,850
Dividends declared and paid in the year	(750,000)	(280,000)
At the end of the year	<u>2,027,577</u>	<u>2,521,887</u>

24 Operating lease commitments

Lessee

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

	2020	2019
	£	£
Within one year	12,896	10,656
Between two and five years	14,019	12,315
	<u>26,915</u>	<u>22,971</u>

25 Events after the reporting date

On 10th March 2021, which was after the reporting period but before the date of signing these financial statements, the ultimate parent company and senior management agreed to restructure and merge the UK entities; Teleste Limited, Asheridge Investments Limited and Teleste UK Limited. It is intended that the operating activities of these companies will continue in Teleste Limited resulting in increased growth for the company.

26 Capital commitments

At 31 December 2020 the company had no capital commitments.

27 Related party transactions

In accordance with FRS 102, the company is claiming exemption from disclosing intergroup transactions by virtue of being an indirect 100% subsidiary of Teleste Oyj. Consolidated accounts can be obtained from the address stated in note 28.

TELESTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

28 Controlling party

The company is controlled by its parent company Asheridge Investments Limited, a holding company incorporated in the UK, by virtue of its 100% share ownership.

The ultimate controlling party is Teleste Oyj, a company incorporated in Finland, by virtue of their 100% subsidiary Teleste UK Limited's 100% share ownership of Asheridge Investments Limited.

Consolidated accounts can be obtained from the following address:

Telestenkatu 1
FI-20660 Littoinen
Finland
www.teleste.com