Registered number: 04068222

CTDI MILTON KEYNES LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

CTDI MILTON KEYNES LTD

CONTENTS

COMPANY INFORMATION

Directors	M J Bull T Smolne
Company secretary	CLC Secreterial Services Limited
Registered number	04068222
Registered office	Featherstone Road Wolverton Mill Milton Keynes Buckinghamshire MK12 5TH
Independent auditors	MHA Chartered Accountants & Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ

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 Company is engaged in technical repairs, customer support services and product end of life management of electronic equipment. The Company continues to pioneer new technologies building on its expertise of automated testing for its clients.

2023 was a successful period with revenue growing more than 3 times on the previous year to £23,796k. The growth of new customers in the B2B division secured this revenue and we continue to see the same for 2024.

As part of our commitment to improve efficiencies and to protect margins, we have in house expertise focused on using technology in the most effective way possible in our day to day operations. With customer products regularly evolving and changing, we adopt a flexible and innovative approach to our operations, to ensure we meet our customer quality of service targets. In addition to this, we also have in place a review scheme whereby front-line employees can also provide invaluable inputs to process improvements.

The Company has closing shareholder funds at 31 December 2023 of £2,600k (2022 - £1,981k). At 31 December 2023, the Company has net current assets of £2,069k (2022 - £1,441k).

The directors are satisfied with the performance of the business.

New business opportunities are in ongoing discussions and current customer relationships remain strong. On this basis it is believed that the market for products and services that the Company offers will enable satisfactory financial results in 2024.

Principal risks and uncertainties

Set out below are some of the principal risks and uncertainties identified by the directors which exist within the Company and are actively dealt with by the directors but nevertheless, could adversely affect the Company, results of operations and financial condition of the Company. The following risk information is not intended to be a comprehensive overview of risks inherent within the business nor is it intended to rank the risks in order of importance of materiality.

Risks from customer contracts, in particular compensation for damages: We see the risk in contractual liability and penalty clauses in the event of non-fulfilment of the contractually agreed service and damage to customer property. We counter this risk by limiting liability amounts and providing adequate insurance cover, taking into account the maximum sum insured. We consider this to be appropriate in relation to the risk. If services are subcontracted, we adjust the liability in our agreements with subcontractors to the main contract. CTDI also has a standardised implementation process to ensure that new projects are set up in accordance with the contractual agreement and the identified risks.

Risk of business interruption triggered by a ransomware incident: Media coverage shows that no company or government agency can rule out the possibility of ever falling victim to a ransomware incident. In 2023, CTDI Europe was exposed to a ransomware incident. Very good emergency management, the deployment of forensic specialists and extensive backups limited the downtime, with a few exceptions - to just a few working days. Further defense measures have already been taken in the ongoing recovery process.

The rapid recovery has shown that CTDI is also very well positioned in such cases. In addition, further measures such as privileged access management or the implementation of ISO 27001 requirements will help to ensure that the risk of ransomware incidents continues to be limited to the extent that every organisation and every company in a digitalised and networked business environment is exposed to anyway.

Data protection risks: As a result of the General Data Protection Regulation, we also face increased requirements and risks in this area. The risk can arise in particular from our own inappropriate use or storage of personal data and from unauthorised access to this data by third parties. One such ransomware incident occurred in the past financial year up to the reporting date, IT forensic analysis revealed no evidence that data had been stolen and published. CTDI has appointed and trained local data protection officers in this regard and supports their work with a central Group-wide data protection officer. We also provide regular training in this area and ensure that the organisation is appropriately sensitised to data protection issues. We regularly check compliance with the rules through internal audits.

Risks from the failure of individual IT systems: CTDI offers services in various business areas and industries. Customised solutions require specific IT applications and interfaces. CTDI generally uses standard software products from leading manufacturers such as SAP, IBM, HP and Microsoft to map business processes. This enables greater flexibility in the event of changes and offers a high degree of stability. In addition, we realise many applications on OLP systems developed in-house. With over 300 IT specialists in the Group, we are independent of external suppliers and can utilise our internal resources very flexibly.

In a few exceptions, we are reliant on the temporary continuation of individual IT systems. However, the potential risk of failure is minimised through the use of software developers who are permanently available externally and the gradual transition to standard products.

General risks

Like any international group of companies, CTDI Milton Keynes Ltd is subject to various general risks such as market risks, currency risks, personnel risks and IT risks. In addition, there are the challenges arising from the war of aggression in Ukraine. Macroeconomic conditions are strongly influenced by high inflation, significantly higher interest rates and rising personnel costs. CTDI is closely monitoring each of these issues and has developed specific risk-mitigating strategies. We expect inflation and interest rates to become increasingly moderate in 2024.

On the market side, the 2023 financial year confirmed the trend that, while sales cycles are becoming longer than in the past, customers are increasingly committing to financially strong and efficient suppliers for longer periods and entering into strategic partnerships. Both we and our customers are investing in the increasing linking of joint value chains. The pressure to consolidate in the industry continues. CTDI is responding to the strong cost pressure from both network operators and original equipment manufacturers with flexible business models that often lead to an expansion of the value chain on offer. For example, we provide a large carrier with labour-intensive services as a nearshoring model.

Currency risks arise in the CTDI GmbH Group due to the international nature of our business activities. This entails a large number of cash flows in different currencies - including GBP, HUF, RON, PLN and US dollars - and therefore a certain currency risk. If necessary, we counter this risk by taking active measures such as entering into forward exchange transactions.

We counter personnel risks that may arise due to a lack of young talent or an ageing workforce with a programme to promote young talent and by training electronics technicians for devices and systems, warehouse logistics specialists and IT specialists. We ensure the expansion of our European subsidiaries locally with a growth-orientated recruitment process. We also reduce the recruitment risk through automated testing procedures that ensure efficiency and a consistently high level of quality.

Our personnel development programme is designed to attract, integrate and retain qualified employees. Extensive qualification and further training opportunities, comprehensive staff appraisals and individual personnel development programmes for all employees in the Group are mandatory. Recruitment is particularly focused on growth areas in the fields of logistics, MCE, Industry Solutions (B2B division) and the new MPS division.

Financial key performance indicators

Key performance indicators (KPI's) include the monitoring of the operating and financial performance of the company by directors. The KPI's as adopted by the company are as follows:

	2023	2022
Turnover	**£23,796k**	£7,241k
Gross Profit	**£11k**	£369k
Gross Profit %	**0.05%**	5%
Profit before tax	**£663k**	£59k
Debtor Days	**40 Days**	142 Days
Creditor Days	**26 Days**	165 Days

Other key performance indicators

Customer quality and service targets are measured daily. The achievement of these targets remains consistently high within the business.

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

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

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T Smolne
Director

Date: April 29th, 2024

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The director presents his report and the financial statements for the year ended 31 December 2023.

Director's responsibilities statement

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 is that of the repair of telecommunications infrastructure equipment.

Directors

The directors who served during the year were:

M J Bull (appointed 23 February 2024, resigned 27 July 2023)
T Smolne (appointed 31 January 2024, resigned 27 July 2023)
N Chavda (appointed 27 July 2023, resigned 31 January 2024)

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 auditor 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.

DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Auditors

The auditors, MHA, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Following a rebranding exercise on 15 May 2023 the trading name of the Company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

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

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T Smolne
Director

Date: April 29th, 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CTDI MILTON KEYNES LTD

Opinion

We have audited the financial statements of CTDI Milton Keynes Ltd (the 'Company') for the year ended 31 December 2023, which comprise the Statement of income and retained earnings, the Balance sheet 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 director's 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 director 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 director is 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.

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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's 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 Director's 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 director's 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 Director's responsibilities statement set out on page 6, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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:

- Enquiry of management around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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 Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CTDI MILTON KEYNES LTD (CONTINUED)

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.

Robert John Butler FCA (Senior Statutory Auditor)

for and on behalf of
MHA

Statutory Auditor

Milton Keynes, United Kingdom
Date: 30/4/2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Turnover	4	**23,795,546**	7,240,901
Cost of sales		**(23,784,267)**	(6,871,421)
Gross profit		**11,279**	369,480
Administrative expenses		**(1,373,575)**	(555,494)
Other operating income	5	**1,995,088**	219,704
Operating profit		**632,792**	33,690
Interest receivable and similar income	9	**42,843**	25,047
Interest payable and similar expenses	10	**(12,197)**	-
Profit before tax		**663,438**	58,737
Tax on profit	11	**(44,674)**	(17,292)
Profit after tax		**618,764**	41,445
Retained earnings at the beginning of the year		**1,477,352**	1,435,907
Profit for the year		**618,764**	41,445
Retained earnings at the end of the year		**2,096,116**	1,477,352

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

The notes on pages 15 to 29 form part of these financial statements.

CTDI MILTON KEYNES LTD
REGISTERED NUMBER: 04068222

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note		2023 £		2022 £
Fixed assets					
Intangible assets	12		**1,969**		-
Tangible assets	13		**722,747**		642,426
			724,716		642,426
Current assets					
Stocks	14	**980,712**		2,662,571	
Debtors: amounts falling due within one year	15	**5,746,510**		4,597,190	
Cash at bank and in hand	16	**42**		30,057	
		6,727,264		7,289,818	
Creditors: amounts falling due within one year	17	**(4,658,115)**		(5,848,966)	
Net current assets			**2,069,149**		1,440,852
Total assets less current liabilities			**2,793,865**		2,083,278
Provisions for liabilities					
Deferred tax	18	**(96,098)**		(4,275)	
Other provisions	19	**(98,000)**		(98,000)	
			(194,098)		(102,275)
Net assets			**2,599,767**		1,981,003
Capital and reserves					
Called up share capital	20		**5,000**		5,000
Share premium account	21		**498,651**		498,651
Profit and loss account	21		**2,096,116**		1,477,352
			2,599,767		1,981,003

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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T Smolne
Director

Date: April 29th, 2024

The notes on pages 15 to 29 form part of these financial statements.

1. General information

CTDI Milton Keynes Ltd is a private company limited by shares, incorporated and registered in the United Kingdom (registered 04068222).

The address of its registered office and principal place of business is Featherstone Road, Wolverton Mill, Milton Keynes, Buckinghamshire, MK12 5TH.

The principal activity of the Company is that of the repair of telecommunications infrastructure equipment.

The financial statements are presented in Pound sterling, which is the functional currency of the Company, rounded to the nearest £1.

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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

For the year ended 31 December 2023 the Company made a profit after tax of £619k and has net assets of £2,600k as at that date.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

2.3 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of CTDI GmbH as at 31 December 2023 and these financial statements may be obtained from CTDI GmbH, Stephanstr. 4-8 76316 Malsch, Germany.

2. Accounting policies (continued)

2.4 Name of parent of group

CTDI Milton Keynes Ltd is a wholly owned subsidiary of CTDI (Depot) Services Ltd. Communications Test Design Inc is the ultimate parent of the Company. The results of CTDI Milton Keynes Ltd are included in the consolidated financial statements of Communications Test Design Inc which are not available to the public. The results of the CTDI Milton Keynes Ltd are also included in the consolidated financial statements of CTDI GmbH.

A copy of these consolidated financial statements are available from the registered office address of CTDI GmbH, Stephanstr. 4-8 76316 Malsch, Germany.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pound Sterling.

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.

2.7 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 balance sheet 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 balance sheet 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 balance sheet date.

2.8 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.

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

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:

Freehold property	- 3 - 10 years
Plant and machinery	- 3 - 10 years
Office equipment	- 3 - 13 years
Assets under construction	- Not depreciated

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.

2.9 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.

2.10 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.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 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.

2.13 Operating leases

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

2. Accounting policies (continued)

2.14 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.17 Interest income

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

2.18 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.19 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. Accounting policies (continued)

2.20 Intangible assets

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.

3. Judgments in applying accounting policies 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. Revision to accounting estimates are recognised in the period in which an 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.

Critical judgements and estimates
The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Tangible assets
Directors and key management assess the useful lives of tangible assets.

Intangible assets
Directors and key management assess the useful lives of intangible assets, primarily development costs, at 3 years over which period the intangibles are expected to generate revenue or benefit to the Company. However, intangible assets can potentially generate revenue or a benefit over a shorter or longer period.

Provisions
At the end of each financial year, the Company makes provision against certain balance sheet areas such as obsolete or slow moving stock, stock returns, customer debt provisions, dilapidations etc. Such provisions are calculated using a combination of actual current information and an element using historical data as a basis.

4. Turnover

All turnover relates to the principal activity of the Company. An analysis of turnover by geographical location is as follows:

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	**23,795,546**	7,240,901

5. Other operating income

	2023 £	2022 £
Other operating income	**1,995,088**	219,704

6. Employees

Staff costs, including director's remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	**4,427,131**	2,148,361
Social security costs	**453,284**	233,994
Cost of defined contribution pension scheme	**431,533**	264,616
	5,311,948	2,646,971

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

	2023 No.	2022 No.
Employees	**128**	68

7. 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	**17,500**	10,170
Fees payable to the Company's auditors in respect of:		
All other services	**5,500**	5,000

8. Director's remuneration

	2023	2022
	£	£
Director's emoluments	**87,005**	136,518
Company contributions to defined contribution pension schemes	**7,170**	10,360
	94,175	146,878

Only 1 director is remunerated by the Company, remuneration for other directors for the current and prior period has been borne by other group companies.

In the opinion of the Directors, there are 2 (2022 - 5) members of key management. Total remunerations paid to key management personnel during the year was £158,589 (2022 - £352,586).

9. Interest receivable

	2023	2022
	£	£
Other interest receivable	**42,843**	25,047

10. Interest payable and similar expenses

	2023	2022
	£	£
Bank interest payable	**12,197**	-

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	**(47,149)**	11,159
	(47,149)	11,159
Total current tax	**(47,149)**	11,159
Deferred tax		
Origination and reversal of timing differences	**91,823**	6,133
Total deferred tax	**91,823**	6,133
Tax on profit	**44,674**	17,292

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 24% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	**663,438**	58,737
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2022 - 19%)	**159,225**	11,160
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**8**	6,300
Capital allowances for year in excess of depreciation	**2,526**	(682)
Adjustments to tax charge in respect of prior periods	**(47,149)**	-
Unrelieved tax losses carried forward	**(134,849)**	-
Group relief	**(26,910)**	(5,619)
Movement on deferred taxation	**91,823**	6,133
Total tax charge for the year	**44,674**	17,292

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Intangible assets

	Software Development £
Cost	
At 1 January 2023	**3,108**
Additions	**2,085**
At 31 December 2023	**5,193**
Amortisation	
At 1 January 2023	**3,108**
Charge for the year on owned assets	**116**
At 31 December 2023	**3,224**
Net book value	
At 31 December 2023	**1,969**
At 31 December 2022	**-**

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Office equipment £	Assets under construction £	Total £
Cost					
At 1 January 2023	**360,222**	**268,957**	**343,990**	**403,965**	**1,377,134**
Additions	**998**	**84,043**	**101,694**	**-**	**186,735**
Disposals	**-**	**-**	**(9,444)**	**(10,924)**	**(20,368)**
Transfers between classes	**-**	**393,041**	**-**	**(393,041)**	**-**
At 31 December 2023	**361,220**	**746,041**	**436,240**	**-**	**1,543,501**
Depreciation					
At 1 January 2023	**297,748**	**198,191**	**238,769**	**-**	**734,708**
Charge for the year on owned assets	**12,684**	**34,115**	**48,691**	**-**	**95,490**
Disposals	**-**	**-**	**(9,444)**	**-**	**(9,444)**
At 31 December 2023	**310,432**	**232,306**	**278,016**	**-**	**820,754**
Net book value					
At 31 December 2023	**50,788**	**513,735**	**158,224**	**-**	**722,747**
At 31 December 2022	62,474	70,766	105,221	403,965	642,426

14. Stocks

	2023 £	2022 £
Raw materials	**263,826**	294,745
Finished goods and goods for resale	**716,886**	2,367,826
	980,712	2,662,571

15. Debtors

	2023 £	2022 £
Trade debtors	**2,576,745**	2,811,763
Amounts owed by group undertakings	**2,838,610**	1,269,610
Other debtors	**331,155**	515,817
	5,746,510	4,597,190

Interest is charged at 3% on the amounts due from group undertakings and the balance is repayable on demand.

16. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	**42**	30,057
Less: bank overdrafts	**(18)**	(14)
	24	30,043

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank overdrafts	**18**	14
Trade creditors	**1,677,199**	3,104,947
Amounts owed to group undertakings	**2,305,319**	2,370,332
Corporation tax	**-**	23,422
Other taxation and social security	**127,407**	58,433
Other creditors	**548,172**	291,818
	4,658,115	5,848,966

Interest is charged at 3% on the amounts due to group undertakings and the balance is repayable on demand.

18. Deferred taxation

	2023 £	2022 £
At beginning of year	**(4,275)**	1,858
Charged to profit or loss	**(91,823)**	(6,133)
At end of year	**(96,098)**	(4,275)

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	**(71,598)**	30,708
Provisions	**(24,500)**	(34,983)
	(96,098)	(4,275)

19. Provisions

	Dilapidation provision £
At 1 January 2023	**98,000**
At 31 December 2023	**98,000**

20. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
5,000 (2022 - 5,000) Ordinary shares of £1.00 each	**5,000**	5,000

21. Reserves

Share premium account

The share premium account represents amounts paid for the share capital of the company over and above their nominal value.

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profit and losses.

22. Financial commitments, guarantees and contingent liabilities

The Company has guaranteed, via fixed and floating charges over the whole of its property, undertaking and assets, the bank borrowings of other companies in the CTDI Group. At 31 December 2023, the liability covered by this guarantee amounted to €29.8m (2022 - €37.7m).

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme 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 fund and amounted to £426,178 (2022 - £108,173). Contributions totalling £37,084 (2022 - £686) were payable to the fund at the balance sheet date and are included in creditors.

24. 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	**278,156**	266,742
Later than 1 year and not later than 5 years	**484,279**	711,425
	762,435	978,167

25. Related party transactions

As a wholly owned subsidiary, the Company has taken advantage of the exemption contained in Financial Reporting Standard 102 to not disclose transactions with wholly owned group companies.

26. Controlling party

The Company's immediate parent is CTDI GmbH, incorporated in Germany.

The largest group on which the results of the Company are consolidated is that headed by Communications Test Design, Inc. a company registered at 1373 Enterprise Drive, West Chester, PA 19380, United States of America. The consolidated financial statements of this group are not available to the public.

The smallest group on which they are consolidated is that headed by CTDI GmbH, a company registered at Stephanstr. 4-8, 76316 Malsch, Germany. The consolidated financial statements of this group may be obtained from the registered address of CTDI GmbH.

In the opinion of the directors there is no single controlling party of the ultimate parent company.