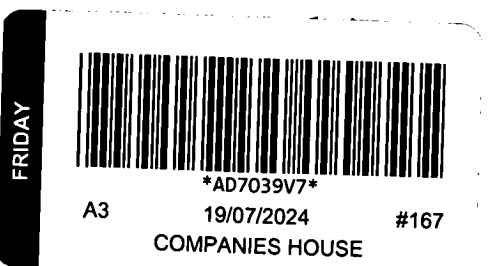


Registered number: 01349036

NETCEED UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**



NETCEED UK LIMITED

COMPANY INFORMATION

Directors	S P Doddington E Eiloart P Hancox R Tamburrini A Turken
Company secretary	R Tamburrini
Registered number	01349036
Registered office	Nordic House Old Great North Road Sawtry Huntingdon Cambridgeshire PE28 5XN
Independent auditors	Constantin Chartered Accountants and Statutory Auditor 25 Hosier Lane London EC1A 9LQ

NETCEED UK LIMITED

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NETCEED UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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

Business review

Introduction

We are focused on two key channels, firstly a standard Distribution Model meeting the day to day needs of installers and secondly, a Managed Services proposition where we handle a customer's complete supply chain requirements, including specifying, sourcing, and provisioning.

This approach to our operations has continued in this way, whilst also working toward aligning ourselves with the larger Netceed group of which Netceed UK is part.

We have continued to invest in additional expertise in the FTTX market where the combined resources of the group look to achieve significant growth while also investing in the Enterprise space which includes wholesalers. Outside of these activities, the directors are not aware, at the date of the report, of any likely changes in the Group's general activities in the forthcoming year.

Result and performance

As shown in the statement of comprehensive income on page 12, the turnover for the year ended 31 December 2023 is £86.2 million compared to £100 million in the prior year. The Company saw sales decrease by 13.8% overall. The lack of growth in the year reflects the challenging market conditions, particularly in the AltNet (Alternative Network Providers) space under Telecom. We witnessed a significant slowdown in Q2 as private equity investment was curtailed, leaving providers to focus on connecting customers rather than infrastructure build.

While our Distribution business continues to face strong competition, we continue to invest in the space to ensure we are positioned at the top tier of the market. We continue to evaluate other major brands with the view of adding to our extensive offering with a target of establishing us as the 'go to' option for customers.

Operational profit before exceptional items of £7.3 million for the year ended 31 December 2023 compares with £5.8 million in the prior year. It is a solid result given the challenging market conditions and reflects the great efforts made by management and staff. In part, this has been achieved by reducing administrative expenses to £10.6 million compared with £13.5 million for the year ended 31 December, a 1.2% decrease as a percentage of sales in the year.

Prior to 2023, the business had seen regular growth in sales year on year and we are confident of returning to an improved sales outturn in 2024. The Company will continue to focus on a proposition which reflects the needs of our customers, and our dynamic approach in optimising resources where we see new opportunities or changes in the market.

Business environment

The business has not been materially impacted by world events, however, the Russia Ukraine war continues and is impacting businesses generally to some degree in terms of higher energy costs and increased pricing of other consumables. Apart from these indirect elements, Netceed UK has not suffered any direct impact and continues to seek to benefit from new opportunities and its strong long term funnel of business.

NETCEED UK LIMITED

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

Business model

Operational

Our strategy is to build on existing work streams, focus on improving efficiencies and motivate the Netceed UK team. We understand the need to maintain adequate resources for today's business as well as future years.

In support of our ambition to grow the business, we secured a new site toward the end of 2023 providing significantly larger warehouse space and office accommodation. The move has been well received by business partners including customers and suppliers, many of whom have visited the site. The move ensures we are well placed to deliver exceptional service to our customers in all sectors of the market in the coming years.

The operations teams are grouped into core functions including Customer Service, Materials Planning, Procurement, Logistics and Technical Services, each headed by a manager whose role is to ensure the efficient and effective delivery of their service.

Commercial

As mentioned in the opening comments, we are focused into commercial units by both market sector and service proposition. The market sectors being Enterprise and Telecom and service proposition being Distribution and Managed Services. The former largely services the Enterprise Network and the latter Telecom. We continue to see growth in the Data Centre market with increasing demand for full supply chain management of these mission critical projects.

The distribution model is focused on the day to day provision of a range of key brands to Voice and Data Installers while the Managed Services model provides larger clients with a full outsourcing service, allowing us to run the provisioning and forecast planning of some or all of their supply requirements.

The Company has maintained its position in the upper tier of the market in the UK and has seen considerable success in taking this proposition to other geographical markets.

Key performance indicators

Financial KPIs are reported to the management team monthly together with analysis of variances to budget. Other KPIs, such as customer service levels are also monitored and reported to the management team regularly through the year.

Financial KPI's for the Company are turnover of £86.2 million this year vs £100.0 million in the prior year and gross profit margin of 20.8% this year compared to 19.4% in the prior year.

Financial risk management objectives and policies

Introduction

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls.

The Company's activities expose it to a number of financial risks. These individual risks are assessed in relation to their impact as a whole on the operation. These are as follows:

Cash flow (Liquidity risk)

The working capital ratio is reviewed monthly together with cash flow and cash generation in order that the cash requirements (existing and future) of the business can be fully met from existing financial facilities.

The business provides detailed monthly management accounts to parties with a vested interest in the business including Lloyds Bank PLC.

NETCEED UK LIMITED

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

Credit risk

The Company's principal financial assets are bank balances and trade debtors.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provision for doubtful debts. A provision is made where there is evidence of the possibility of not being able to recover the debt.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Company is aware of all significant concentrations of credit risk and manages counterparties and customers accordingly.

Liquidity risk

To maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Company operates a confidential invoice discounting (CID) facility that allows the Company to receive advances of funds against outstanding sales invoices, within criteria set by the bank.

Price risk

The Company has some exposure to price risk relating to fixed price contracts with major clients. This, however, is largely mitigated by a mixture of back to back arrangements with suppliers or medium term reviews with clients.

Currency and commodity risk

The Company's exposure to currency and commodity risk includes the revaluation of overseas operations, where applicable, at the relevant exchange rate and changes in trade payables and receivables because of exchange rate movements. Monthly exchange rate movements are monitored, and any losses or gains are reported in the Company's internal management information. Consideration is given to utilizing financial instruments such as hedging and forward purchase contracts. No such instruments are currently in place and none were in place during 2023.

Future prospects

The Directors believe that the UK communication industry will continue to grow through 2024 due to the continued demand for mobile and broadband services. The Company's export markets will also benefit from further growth as a result of our continued investment in our international presence.

The Directors also continue to review and consider organisational changes to ensure we drive engagement and motivate every member of our team.

We believe the business is well positioned with long term commitments from most of our key partners. However, we remain conscious of the challenges of an evolving marketplace.

NETCEED UK LIMITED

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

Directors' statement of compliance with duty to promote the success of the Company (Section 172 statement)

Netceed UK's senior management are committed to promoting the success of the Company in accordance with section 172 of the 2006 Companies Act. The Board ensures that all decisions are taken for the long term and both collectively and individually aims to always uphold the highest standard of conduct. The Board recognises that the business has the best chance to grow and prosper over the long term if it understands the needs of its customers, suppliers, employees and other stakeholders.

The Company manages its relationships with its stakeholders through regular communication. The Company's engagement with customers includes close relationships with key account managers, corporate hospitality as well as engagement through social media and the Company's website.

The Company is aware of its environmental responsibilities and specifically, it has worked on removing excess packaging and single use plastics from its operations. In terms of its wider corporate social responsibility (CSR) values, the Company also seeks to support the charity endeavours of its employees and stakeholders. Netceed UK has sponsored its business partners in supporting local charity events to raise monies and regularly engages with staff in supporting other national charitable fund raising by supporting events at Netceed UK's offices.

At the heart of the culture of the Company, it is the desirability to maintain a reputation of high standards of business conduct at all times and the need to act fairly toward all its employees.

The Directors fulfil their duties in part through delegation of certain day to day decisions to its employees. The Board understands the need for a clear governance structure and systems of control to ensure its values are upheld in dealing with stakeholders.

Environmental impact

The Company is committed to managing its environmental impact and is fully aware that considering the environment in our decision making can have a beneficial impact on the Company's performance.

We continue to reduce our carbon footprint with well established initiatives around waste management, specifically the removal of plastics and secondary and tertiary packaging. Throughout the Company's business premises we are focused on recycling of paper, cardboard, aluminium cans and plastics. With energy efficiency in mind, we also have lighting controls installed in the common areas of the premises to reduce the amount of energy used.

The Company policy on vehicle selection for its small fleet of leased vehicles includes a cap on permissible Co2 emissions, thereby reducing our use of fossil fuel vehicles. Currently, 39% of our leased vehicles are fully electric and 50% hybrid. The remaining 11% relate to commercial diesel vehicles, selected for operational needs.

Post balance sheet event

There were no post balance sheet events that occurred until the date of issuance of the financial statements that would require adjustment to or disclosure in the financial statements as of the year ended 31 December 2023.

NETCEED UK LIMITED

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

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



.....
R Tamburrini
Director

Date: 2nd July 2024

NETCEED UK LIMITED

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.

The Company has chosen to include the disclosure of likely future developments of the Company's business in the Strategic Report. The information about engagement with employees, suppliers, customers, and others has been included in the Strategic Report, which is also incorporated into this report by cross reference.

Principal activity

The Company's principal activity is the supply of IP infrastructure material and equipment to the Data and Telecoms markets via its branches in Huntingdon and Glasgow.

Results and dividends

The profit for the year, after taxation, amounted to £3,492k (2022: £4,490k).

A dividend of £298k was paid during the year 2023. (2022: £500k).

Directors

The directors who served during the year were:

S P Doddington
E Eiloart
P Hancox
R Tamburrini

Other changes to directors during the year:

J T Archer (resigned on 01 February 2023)
D Conway (resigned on 25 August 2023)

The following director was appointed after the year end, but prior to the date of this report:

A Turken (appointed on 16 February 2024)

The following director resigned after the year end, but prior to the date of this report:

C Varasteh (resigned on 16 February 2024)

Change of the Company name

The company has officially changed its legal name from Comtec Cable Accessories Limited to Netceed UK Limited, effective from January 4, 2024. All financial statements, documents, and communications refer to the company as Netceed UK Limited. This rebranding reflects our commitment to growth and innovation.

NETCEED UK LIMITED

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

Going concern

The Company's business activities and future developments are included within the Business review on page 1. Included within the Strategic Report on pages 1 to 5 are a description of the Company's financial position and its approach to price, credit, liquidity and currency risk.

Confidential discounting facility

The Company is funded on a day to day basis through a confidential invoice discounting facility which has no fixed renewal date but is subject to termination with six months' notice by either party.

Exchange rates movements

Economic conditions can create uncertainty over the level of sales and the cost of certain products due to the fluctuations in the exchange rate between sterling, US dollar and the Euro. As mentioned in the Strategic Report management monitor these fluctuations.

Dilapidations

Dilapidations provision is built up over the term of the original lease period. With regard to the Company's main premises located in Huntingdon, dilapidation obligations are fully provided and for the Company's Glasgow premises 48% is provided for as at 31 December 2023.

Other factors

There is always some uncertainty when preparing business forecasts, and the Directors recognise that events such as the COVID 19 pandemic, potentially increases the level of uncertainty when preparing cashflow and trading forecasts. However, given the trading results of the business, the success of the business in adapting its operations to align itself when facing such issues, the Directors do not believe that uncertainty to be material or cast significant doubt over the Company's ability to continue to trade or meet its liabilities as they fall due. Accordingly, the Directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Future developments

The directors do not foresee any significant developments in the business over the coming year.

Directors indemnities

No qualifying third-party indemnity provisions for the benefit of the directors were made during the year.

Greenhouse gas emissions, energy consumption and energy efficiency action

A subsidiary Company is exempt if it is included within the group report of a parent Company for a financial year that ends at the same time as, or before the end of, the subsidiary's financial year and the parent Company gives disclosures that comply with the regulations. Netceed UK Group (International) Limited report on carbon emissions in its publicly available consolidated financial statements, which include NETCEED UK Limited and its operations. Refer to note 29 for further details.

NETCEED UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
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.

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.

Auditors

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

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



.....
R Tamburrini
Director

Date: *2nd July 2024*

NETCEED UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NETCEED UK LIMITED

Opinion

In our opinion the financial statements of Netceed UK Limited (the company'):

- give a true and fair view of the state of the company's affairs as of 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of change in equity; and
- the related notes 1 to 30.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

NETCEED UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NETCEED UK LIMITED

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

NETCEED UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NETCEED UK LIMITED

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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



Mark Bathgate ACA (Senior Statutory Auditor)
for and on behalf of Constantin
Chartered Accounts and Statutory Auditors
25 Hosier Lane
London
EC1A 9LQ

Date: 2 July 2024

NETCEED UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Turnover	4	86,179	100,045
Cost of sales		(68,230)	(80,711)
Gross profit		17,949	19,334
Administrative expenses		(10,626)	(13,505)
Operating profit	5	7,323	5,829
Exceptional items	13	(2,022)	-
Profit on ordinary activities before interest		5,301	5,829
Interest receivable and similar income	9	14	-
Interest payable and similar expenses	10	(816)	(266)
Profit before tax		4,499	5,563
Tax on profit	11	(1,007)	(1,073)
Profit for the financial year		3,492	4,490

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

The notes on pages 16 to 35 form part of these financial statements.

NETCEED UK LIMITED
REGISTERED NUMBER: 01349036

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible fixed assets	14	885	691
Tangible fixed assets	15	2,374	612
Fixed asset investments	16	20	20
		3,279	1,323
Current assets			
Stocks	17	20,468	26,042
Debtors due within 1 year	18	15,923	18,906
Cash at bank and in hand	19	1,375	541
		37,766	45,489
Debtors due after more than 1 year	18	192	12
Creditors: amounts falling due within one year	20	(20,602)	(31,877)
Net current assets		17,356	13,624
Total assets less current liabilities		20,635	14,947
Creditors: amounts falling due after more than one year	21	(2,438)	(14)
Provisions for liabilities			
Provisions for liabilities	24	-	(102)
Deferred tax	23	(351)	(179)
		(351)	(281)
Net assets		17,846	14,652
Capital and reserves			
Called up share capital	25	2,000	2,000
Share premium account		10	10
Profit and loss account		15,836	12,642
		17,846	14,652

NETCEED UK LIMITED
REGISTERED NUMBER: 01349036

STATEMENT OF FINANCIAL POSITION (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:



.....
R Tamburrini
Director

Date: 2nd July 2024

The notes on pages 16 to 35 form part of these financial statements.

NETCEED UK LIMITED

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

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2022	2,000	10	8,652	10,662
Comprehensive income for the year				
Profit for the year	-	-	4,490	4,490
Total comprehensive income for the year	-	-	4,490	4,490
Contributions by and distributions to owners				
Dividends	-	-	(500)	(500)
Total transactions with owners	-	-	(500)	(500)
At 1 January 2023	2,000	10	12,642	14,652
Comprehensive income for the year				
Profit for the year	-	-	3,492	3,492
Total comprehensive income for the year	-	-	3,492	3,492
Contributions by and distributions to owners				
Dividends	-	-	(298)	(298)
Total transactions with owners	-	-	(298)	(298)
At 31 December 2023	2,000	10	15,836	17,846

The notes on pages 16 to 35 form part of these financial statements.

NETCEED UK LIMITED

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

1. General information

Netceed UK Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Nordic House Old Great North Road, Sawtry, Huntingdon, England, PE28 5XN.

The company's principal activity continued to be the supply of Data and Telecoms installation equipment and materials via its branches in Huntingdon, Sunbury and Glasgow.

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).

2.2 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 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Telemachus Holding (incorporated and registered in France under 852856897) as at 31 December 2023 and these financial statements may be obtained from 1 Rue Des Alouettes, 956000, Eaubonne, France.

NETCEED UK LIMITED

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

2. Accounting policies (continued)

2.3 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'.

2.4 Going concern

The Company's business activities and future developments are included within the Business review on page 1. Included within the Strategic Report on pages 1 to 5 are a description of the Group's financial position and its approach to price, credit, liquidity and currency risk.

The financial statements have been prepared using the going concern basis of accounting as no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors and a letter of support has been provided by the group.

2.5 Confidential Discounting Facility

The Company is funded on a day to day basis through a confidential discounting facility which has no fixed renewal date but is subject to termination with six months' notice by either party. The current economic conditions create uncertainty over the level of sales and the cost of certain products due to the fluctuations in the exchange rate between sterling, US dollar and the Euro. As mentioned in the Strategic Report management monitor these fluctuations.

2.6 Dilapidations

Dilapidations provision is built up over the term of the original lease period. With regard to the Company's main premises located in Huntingdon, dilapidation obligations are fully provided and for the Company's Glasgow premises 48% is provided for as at 31 December 2023.

NETCEED UK LIMITED

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

2. Accounting policies (continued)

2.7 Significant judgements and estimates

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision effects on that period, or in the period of the revision and future periods if the revision affects both current and future period.

The items in the financial statements where these judgements and estimates have been made include:

- stock provision management performed a detailed review of the stock listing on a line by line basis and included a stock provision totaling £1,545k as at 31 December 2023 (2022: £669k) for slow moving and obsolete stock based on their knowledge of the stock lines.
- aged debts management have included an aged debt provision within the financial statements as at 31 December 2023 after reviewing each trade debtor outstanding at the year end and identifying those where known issues exist. The provision totaled £335k as at 31 December 2023 (2022: £311k).

2.8 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NETCEED UK LIMITED

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

2. Accounting policies (continued)

2.9 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.

2.10 Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.11 Interest income

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

2.12 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.

NETCEED UK LIMITED

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

2. Accounting policies (continued)

2.13 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.14 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.

2.15 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.

2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

NETCEED UK LIMITED

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

2. Accounting policies (continued)

2.17 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

The estimated useful lives range as follows:

Goodwill	-	10 years
Software	-	3 to 5 years

2.18 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:

Long-term leasehold property	-	10%
Plant and machinery	-	10% to 20%
Motor vehicles	-	33%
Office equipment	-	20% to 33%

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.

NETCEED UK LIMITED

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

2. Accounting policies (continued)

2.19 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.20 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

2.21 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.

2.22 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.

2.23 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.

2.24 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

NETCEED UK LIMITED

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

2. Accounting policies (continued)

2.25 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.

2.26 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making the revenue recognition judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 section 13 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

Impairment of intangible assets

Intangible assets are revalued on a periodic basis and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. The impairment tests include examination of capital expenditure incurred in the financial year to ascertain whether it has resulted in an increase in value or an impairment of an asset. If the actual results differ from the assumptions, the value of intangible assets will be over or understated. This would be adjusted when the assets were next revalued.

Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

NETCEED UK LIMITED

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

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.

Providing for doubtful debts

The financial Statements contains estimated figures that are based on assumptions made by the Company about the future or that are otherwise uncertain. These include useful lives, valuations and bad debt provisions. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty actual results could be different from the assumptions and estimates.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £000	2022 £000
Sale of goods	86,082	99,930
Managed services	97	115
	<u>86,179</u>	<u>100,045</u>

An analysis of turnover by geographical market is given below:

	2023 £000	2022 £000
United Kingdom	83,594	99,607
Middle East	-	11
Far East	-	2
Rest of the world	2,585	425
	<u>86,179</u>	<u>100,045</u>

NETCEED UK LIMITED

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

5. Operating profit

The operating profit is stated after charging:

	2023 £000	2022 £000
Depreciation of owned tangible fixed assets	237	214
Depreciation on finance leased assets	113	14
Amortisation of intangible assets, including goodwill	122	51
Exchange differences	(92)	518
Profit on disposal of fixed assets	4	-
Operating lease rentals - land and buildings	1,071	620
Operating lease rentals - other	163	163
	<u>1,514</u>	<u>1,570</u>

6. Auditors' remuneration

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

	2023 £000	2022 £000
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	170	108
Fees payable to the Company's auditors and their associates in respect of: Taxation compliance services	8	16
	<u>178</u>	<u>124</u>

7. Employees

Staff costs, including directors' remuneration were as follows:

	2023 £000	2022 £000
Wages and salaries	5,195	8,296
Social Security Costs	505	1,042
Costs of defined contribution schemes (pensions)	153	102
Redundancy costs	20	-
	<u>5,873</u>	<u>9,440</u>

NETCEED UK LIMITED

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

Average monthly number of employees including the directors during the year was as follows:

	2023 No.	2022 No.
Management	6	7
Sales	38	46
Warehousing and shipping	66	45
Administration	33	32
	<u>143</u>	<u>130</u>

8. Directors' emoluments

	2023 £000	2022 £000
Directors' emoluments	650	3,504
Company contributions to defined contribution pension schemes	21	16
	<u>671</u>	<u>3,520</u>

During the year, retirement benefits were accruing to 5 directors (2022: 5) in respect of defined contribution pension schemes and no director (2022: no director) in respect of end of service gratuity.

The highest paid director received remuneration of £148k (2022: £1,973k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5k (2022: £6k).

9. Interest receivable

	2023 £000	2022 £000
Bank overdraft and loans	14	-

10. Interest payable and similar expenses

	2023 £000	2022 £000
Bank interest payable	762	243
Unwind of discount on provision	54	20
Other interest payable	-	3
	<u>816</u>	<u>266</u>

NETCEED UK LIMITED

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

11. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	893	929
Adjustments in respect of previous periods	(58)	-
Total current tax	835	929
Deferred tax		
Fixed asset timing differences	252	147
Short term timing differences	(80)	(3)
Total deferred tax	172	144
Taxation on profit on ordinary activities	1,007	1,073

Factors affecting tax charge for the year

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

	2023 £000	2022 £000
Profit on ordinary activities before tax	4,499	5,563
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022: 19%)	1,058	1,057
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	29	16
Adjustments to tax charge in respect of prior periods	(58)	(65)
Adjustment to deferred tax in respect of prior periods	(34)	68
Fixed asset ineligible depreciation/amortisation	-	(21)
Remeasurement of deferred tax for changes in tax rates rounding	12	18
Total tax charge for the year	1,007	1,073

NETCEED UK LIMITED

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

11. Taxation (continued)

Factors that may affect future tax charges

In October 2022, the government announced changes to Corporation tax rates from the 1st of April 2023, increasing the main rate of Corporation tax from 19% to 25%. A blended rate of 23.5% has therefore been applied for the financial year 2023.

12. Dividends

	2023	2022
	£000	£000
Ordinary shares of 0.10 each Final	298	500

13. Exceptional items

	2023	2022
	£000	£000
Onerous lease	2,022	-

Regarding the vacating of the premises at Cardinal Way, Godmanchester (previously Netceed's primary facility and offices), we consider the remaining obligations under the lease term and the additional dilapidations costs related to this premises to be onerous and not expected to recur. Therefore, we have accounted for the remaining rent and additional dilapidations costs as exceptional items.

NETCEED UK LIMITED

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

14. Intangible assets

	Computer software £000
Cost	
At 1 January 2023	1,014
Additions - internal	315
At 31 December 2023	<u>1,329</u>
Amortisation	
At 1 January 2023	322
Charge for the year on owned assets	122
At 31 December 2023	<u>444</u>
Net book value	
At 31 December 2023	<u><u>885</u></u>
At 31 December 2022	<u><u>692</u></u>

NETCEED UK LIMITED

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

15. Tangible fixed assets

	Short-term leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 January 2023	676	310	1,007	1,993
Additions	836	24	1,274	2,134
Disposals	(4)	(70)	(4)	(78)
At 31 December 2023	<u>1,508</u>	<u>264</u>	<u>2,277</u>	<u>4,049</u>
Depreciation				
At 1 January 2023	579	151	651	1,381
Charge for the year	115	43	192	350
Disposals	-	(56)	-	(56)
At 31 December 2023	<u>694</u>	<u>138</u>	<u>843</u>	<u>1,675</u>
Net book value				
At 31 December 2023	<u>814</u>	<u>126</u>	<u>1,434</u>	<u>2,374</u>
At 31 December 2022	<u>97</u>	<u>159</u>	<u>356</u>	<u>612</u>

The net book value of tangible fixed assets, office equipment, fixtures and fittings includes an amount of £70k (2022: £70k) in respect of assets held under finance leases and hire purchase contracts. Depreciation on these assets is £28k (2022: £28k).

16. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2023	20
At 31 December 2023	<u>20</u>

NETCEED UK LIMITED

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

16. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Comtec LLC	United Arab Emirates	Ordinary	100%

17. Stocks

	2023 £000	2022 £000
Finished goods and goods for resale	20,468	26,042

18. Debtors

	2023 £000	2022 £000
Due after more than one year		
Other debtors	192	12
	<u>192</u>	<u>12</u>
Due within one year		
Trade debtors	11,622	15,669
Amounts owed by group undertakings	2,379	2,131
Other debtors	353	298
Prepayments and accrued income	683	353
Corporation Tax	886	455
	<u>16,115</u>	<u>18,918</u>

Amounts owed by group undertakings relate to standard trading balances and short term current account balance of £2,377k (2022: £2,131k) on which interest is received at 0%. All balances are deemed repayable on demand.

NETCEED UK LIMITED

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

19. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	1,375	541

20. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	7,810	20,781
Amounts owed to group undertakings	1,792	1,344
Other taxation and social security	1,257	3,172
Obligations under finance lease and hire purchase contracts	-	17
Other creditors	4,209	2,351
Accruals and deferred income	5,534	4,212
	20,602	31,877

The confidential invoice discounting ("CID") facility and asset lending facility is secured by a fixed and floating charge over the assets of the company and is drawn against the trade debtors of the company.

Bank facilities are secured by a standard bank debenture and unlimited cross guarantees from Comtec Group (International) Limited.

Obligations under finance leases are secured on the asset to which they relate.

Amounts owed to group undertakings include standard trading balances and short term current account balance of £32k (2022: £94k) and the balances are interest free. All balances are deemed repayable on demand.

Amounts owed to parent undertakings include standard trading balances and short term current account balance of £1,759k (2022: £1,250k) and the balances are interest free. All balances are deemed repayable on demand.

21. Creditors: Amounts falling due after more than one year

	2023 £000	2022 £000
Bank loans	2,438	-
Net obligations under finance leases and hire purchase contracts	-	14
	2,438	14

NETCEED UK LIMITED

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

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £000	2022 £000
Within one year	-	17
Between 1-5 years	-	14
	<u>-</u>	<u>31</u>

The finance leases primarily relate to information technology and warehousing equipment used in the company's operations. There are no contingent rental, renewal or purchase option clauses.

23. Deferred taxation

	2023 £000	2022 £000
At beginning of year	(179)	(35)
Charged to profit or loss	(172)	(144)
At end of year	<u>(351)</u>	<u>(179)</u>

The provision for deferred taxation is made up as follows:

	2023 £000	2022 £000
Accelerated capital allowances	(490)	(238)
Other short term timing differences	139	59
	<u>(351)</u>	<u>(179)</u>

NETCEED UK LIMITED

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

24. Provisions

	Other provision £000
At 1 January 2023	102
Charged to profit or loss	(102)
At 31 December 2023	<u><u>-</u></u>

25. Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
Enter number (2022: 20,000,000) Ordinary shares of £0.10 each	<u>2,000</u>	<u>2,000</u>

26. Contingent liabilities

The performance guarantees may be payable by the company if, once the customer has placed an order, the company fails to deliver goods to the customer.

The duty deferment guarantees are in place, to guarantee that the company will meet their payments due to HM Revenue & Customs in respect of excise duty.

An amount of £300k have been provided in these financial statements in respect of the guarantees above (2022: £526k).

27. 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 £153k (2022: £102k).

Contributions totalling £49k (2022: £24k) were payable to the fund at the reporting date and are included in creditors.

NETCEED UK LIMITED

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

28. 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 £000	2022 £000
Land and buildings		
Less than one year	1,392	1,052
Between one and five years	4,578	3,270
Over five years	-	147
	<u>5,970</u>	<u>4,469</u>

29. Controlling party

As of 31 December 2023, the immediate parent company is Comtec Group (International) Limited registered in England and Wales.

The largest group & the ultimate parent entity in which the results of the company are consolidated is headed by Telemachus Holding which is registered in France and the registered office address is Telemachus Holding, Zone Artisanale des Alouettes, 1 rue des Alouettes, 95600, Eaubonne, France.

The ultimate controlling party as at 31 December 2023 was Cineos Topco S.a.r.l (Luxembourg), a company registered in Luxembourg.

30. Post balance sheet events

There were no post balance sheet that occurred until the date of the issuance of the financial statements that would require adjustments to or disclosure in the financial statements as of the year ended 31 December 2023.