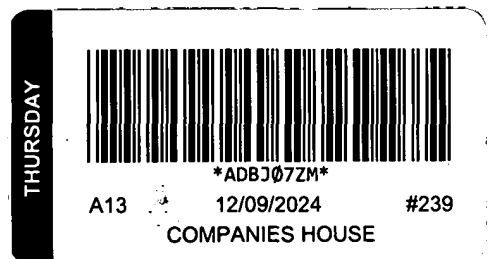


Company registration number SC104949 (Scotland)

FORSBERG SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023



FORSBERG SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr J H Nyegaarden Mr J Nypan	(Appointed 20 December 2023) (Appointed 28 February 2024)
Company number	SC104949	
Registered office	1 East Craibstone Street Aberdeen United Kingdom AB11 6YQ	
Auditor	MHA Lancaster Business Park Mannin Way 14 Mannin Way Lancaster LA1 3SW	

FORSBERG SERVICES LIMITED

2014-2015

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FORSBERG SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Review of the business

The company has demonstrated commendable financial growth over the past year, with a substantial increase in turnover from £12,322,916 in 2022 to £14,596,192 in 2023. This growth is paralleled by a notable improvement in net profit, growing from £1,051,893 in 2022 to £2,323,860 in 2023. Such figures reflect the Group's continued success with engineered product solutions and contracts.

The company has invested in the development of new position, navigation and timing (PNT) technology to pursue future contracts and provide new capability to existing customers, including registering two patents to protect technology.

Principal risks and uncertainties

The company faces risks associated with raw material and component lead times, which can potentially disrupt production schedules and affect delivery commitments, posing challenges to customer satisfaction and market competitiveness. This risk is faced by all electronic and technology businesses but can be exacerbated without the buying power of a major electronics company. Forsberg manage this risk by identifying alternative suppliers, forecasting and forward purchasing, and working with the supply chain to mitigate against unavailable parts.

Price Risk:

Our product price risk is managed through the provision and storing of higher risk stock. As we source stock from global suppliers exchange rate fluctuation is also a risk and managed through our terms and conditions, as well as utilising bank forex facilities when appropriate.

Credit Risk:

The company's approach to Credit Risk Management involves reviewing strategies and processes regularly. These reviews are aimed at assessing, mitigating, and monitoring the risk of customers defaulting on their credit obligations by evaluating both internal factors (such as borrower creditworthiness and financial performance) and external factors (such as economic conditions). Liquidity Risk To mitigate liquidity risk, we maintain cash reserves, anticipate liquidity needs through cash flow forecasting, conduct regular due diligence on customers and suppliers, and leverage real-time, accurate financial data for strategic decision-making Cashflow risk We negotiate terms with the customer and suppliers to manage our cashflow and hold an overdraft facility with the bank and have the options to utilise other facilities such as invoice financing if required. Human Resource Constraints: The availability of skilled staff remains a persistent challenge, necessitating proactive recruitment strategies to ensure adequate manpower for sustained operations and growth. Forsberg mitigate this risk by engaging with local academic institutes, recruiting graduates and providing advice for future curriculum.

Liquidity Risk:

To mitigate liquidity risk, we maintain cash reserves, anticipate liquidity needs through cash flow forecasting, conduct regular due diligence on customers and suppliers, and leverage real-time, accurate financial data for strategic decision-making.

Cashflow risk: We negotiate terms with the customer and suppliers to manage our cashflow and hold an overdraft facility with the bank and have the options to utilise other facilities such as invoice financing if required.

Human Resource Constraints: The availability of skilled staff remains a persistent challenge, necessitating proactive recruitment strategies to ensure adequate manpower for sustained operations and growth. Forsberg mitigate this risk by engaging with local academic institutes, recruiting graduates and providing advice for future curriculum.

Political environment:

The volatile political landscape introduces uncertainties, particularly concerning government-related contracts. Forsberg must navigate these complexities to mitigate potential disruptions and safeguard its contractual commitments and revenue streams.

Diversification Risks:

As a diverse business involved in multiple markets, Forsberg faces risks stemming from various sectors. We employ agile risk management practices to anticipate and address challenges across its diverse portfolio effectively.

FORSBERG SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Key performance indicators

The Company has adhered to crucial KPIs, including sales growth, gross margin maintenance, and ensuring a healthy cash balance position. Furthermore, the company's emphasis on employee engagement and continuous improvement initiatives underscores its commitment to fostering a motivated workforce, vital for driving productivity and innovation.

The below is a summary of the key KPIs:

<u>KPI</u>	<u>2023 Target</u>	<u>2023 Achieved</u>	<u>2024 Target</u>
Revenue growth	10%	15.10%	10%
Gross profit margin	Greater than 33%	37.83%	Greater than 33%
Net profit target	8-10%	15.6%	8-10%
Continuous Improvement projects delivered	54	55	63

In conclusion, Forsberg's fair review acknowledges its impressive financial and operational achievements, underpinned by robust adherence to key performance indicators. However, the company must proactively address principal risks and uncertainties to sustain its growth trajectory and ensure resilience in the face of evolving market dynamics.

On behalf of the board



Mr J H Nyegaarden

Director

Date: 3 SEP 2024

FORSBERG SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Principal activities

The principal activity of the company continued to be that of the manufacture of electronic measuring and testing equipment.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £1,143,308. The directors do not recommend payment of a further dividend.

Directors

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

Mr F C W Forsberg	(Resigned 20 December 2023)
Mr C J A Mayne	(Appointed 28 February 2024 and resigned 20 December 2023)
Mr J M W Waite	(Appointed 31 May 2024 and resigned 20 December 2023)
Mr S L J Oliver	(Appointed 31 May 2024 and resigned 20 December 2023)
Ms A A Bergland	(Appointed 20 December 2023 and resigned 31 May 2024)
Mr J H Nyegaarden	(Appointed 20 December 2023)
Mr J Nypan	(Appointed 28 February 2024)
Mr M Killingstad	(Appointed 20 December 2023 and resigned 18 January 2024)

Mr J Nypan was also appointed on 20 December 2023 and resigned on 18 January 2024

Research and development

Forsberg Services Limited continues to carry out research and development in existing and new products and processes. In the year, research and development expenditure of £350,361 (2022: £334,391) was capitalised.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial instruments.

Auditor

MHA were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

FORSBERG SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

On behalf of the board

J H Nyegaard

Mr J H Nyegaard
Director

Date: *3 SEP 2024*

FORSBERG SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

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



Independent auditor's report to the members of Forsberg Services Limited

Qualified opinion

We have audited the financial statements of Forsberg Services Limited (the 'company') for the year ended 31 December 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the company's financial statements 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, except for the effects of the matter described in the basis for qualified opinion section of our report on the current year and corresponding figures, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We were not appointed as auditor of the company until after 31 December 2023 and thus did not observe the counting of physical stock at 31 December 2022. We were unable to satisfy ourselves by alternative means concerning the stock quantities held at 31 December 2022, which are included in the balance sheet at £2,227,532, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount at 31 December 2022 was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 December 2023.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going 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

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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.

As described in the basis for qualification opinion section of our report, we were unable to satisfy ourselves concerning the stock quantities of £2,227,532 held at 31 December 2022 and therefore have been unable to determine whether any adjustments are required to costs of sales in the year ended 31 December 2023. We have concluded that where the other information makes reference to cost of sales or various profit measures that might be affected by the uncertainty over the opening stock levels, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matters described in the basis for qualified opinion section of our report, 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 material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in 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 and the directors' report.

In respect solely of the limitation on our work relating to cost of sales and the opening stock balances, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

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:

- returns adequate for our audit have not been received by 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.

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.

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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 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 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and 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;
- Performing audit work over the occurrence of revenue and specific testing on cut-off around the year end;
- Reviewing minutes of meetings of those charged with governance;
- 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 financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter

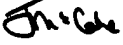
The comparatives were not audited, as the company was eligible to claim exemption from a statutory audit under section 477 of the Companies Act 2006.

Use of our report

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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.

Signed by:

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Jenny McCabe FCA MAAT
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
Lancaster, United Kingdom
September 6, 2024

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

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FORSBERG SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover	3	14,513,232	12,322,916
Cost of sales		(9,023,077)	(9,231,922)
Gross profit		5,490,155	3,090,994
Administrative expenses		(3,275,061)	(2,060,324)
Other operating income		108,766	21,223
Operating profit	4	2,323,860	1,051,893
Interest receivable and similar income	7	40,596	4,330
Interest payable and similar expenses	8	(534)	(4,648)
Profit before taxation		2,363,922	1,051,575
Tax on profit	9	517,918	(43,497)
Profit for the financial year		2,881,840	1,008,078

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


FORSBERG SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Intangible assets	11		1,587,493		1,792,950
Tangible assets	12		273,469		233,719
			<u>1,860,962</u>		<u>2,026,669</u>
Current assets					
Stocks	14	1,236,233		2,227,532	
Debtors	15	2,559,413		5,661,933	
Cash at bank and in hand		1,741,381		4,595,473	
		<u>5,537,027</u>		<u>12,484,938</u>	
Creditors: amounts falling due within one year	16	<u>(2,402,965)</u>		<u>(10,764,877)</u>	
Net current assets			<u>3,134,062</u>		<u>1,720,081</u>
Total assets less current liabilities			<u>4,995,024</u>		<u>3,746,730</u>
Creditors: amounts falling due after more than one year	17		-		<u>(490,238)</u>
Net assets			<u>4,995,024</u>		<u>3,256,492</u>
Capital and reserves					
Called up share capital	20		100		100
Profit and loss reserves			4,994,924		3,256,392
Total equity			<u>4,995,024</u>		<u>3,256,492</u>

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


 Mr J H Nyegaarden
 Director

Company Registration No. SC104949

FORSBERG SERVICES LIMITED

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

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2022		100	2,560,269	2,560,369
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	1,008,078	1,008,078
Dividends	10	-	(311,955)	(311,955)
Balance at 31 December 2022		100	3,256,392	3,256,492
Year ended 31 December 2023:				
Profit and total comprehensive income for the year		-	2,881,840	2,881,840
Dividends	10	-	(1,143,308)	(1,143,308)
Balance at 31 December 2023		100	4,994,924	4,995,024

FORSBERG SERVICES LIMITED

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

1 Accounting policies

Company information

Forsberg Services Limited is a private company limited by shares incorporated in Scotland. The registered office is 1 East Craibstone Street, Aberdeen, United Kingdom, AB11 6YQ.

The company trades from its premises at North Quay Offices, Heysham Port, Heysham, Morecambe, LA32XF.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of forward contracts at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Forsberg Holdings Limited. These consolidated financial statements are available from its registered office, North Quay Offices, Heysham Port, Heysham, Lancashire, LA3 2XF.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

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

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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

Patents	5% - 33% straight line once benefits receivable
Development costs	over the useful life of the asset

1.7 Tangible fixed assets

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

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

Other fixed assets	20% - 25% reducing balance
Fixtures, fittings and equipment	10% - 25% reducing balance
Computer equipment	10% - 25% reducing balance
Motor vehicles	25% reducing balance
Machinery	10% - 50% reducing balance

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

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

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

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

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

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

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

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

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

Basic financial assets

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

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

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

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.12 Equity instruments

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

1.13 Taxation

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

Current tax

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

Deferred tax

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

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

1.14 Employee benefits

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

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

1.15 Retirement benefits

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

1.16 Leases

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

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.18 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Discontinued stock provision

Within the accounts, a provision is required for stock held that has been discontinued. Stock is deemed as discontinued when there has been no movement on the stock for a period of time, and it is not deemed saleable or a value in excess of cost. Management review the full stock listing on an annual basis for items of stock which are to be deemed discontinued and as such require a provision against.

The actual level of stock write off may differ from the estimated provision. The value of the stock provision as at the year end was £Nil (2022: £Nil).

Recognition of intangibles

An intangible asset is recognised in relation to development projects. The amount recognised is based on the cost of labour incurred and materials used in the development process.

The intangible asset is then amortised on a straight line basis over the period in which the product is expected to continue to generate economic benefits.

Determining whether intangible assets are impaired requires an estimation of the future economic benefits expected to be generated from the products that are in the development stage.

As at the year end the net book value of intangible assets in relation to development costs totalled £1,565,716 (2022: £1,769,880).

3 Turnover and other revenue

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

	2023	2022
	£	£
Turnover analysed by class of business		
Sale of goods	14,513,232	12,322,916

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

3 Turnover and other revenue

(Continued)

	2023	2022
	£	£
Turnover analysed by geographical market		
UK	11,987,754	10,510,086
EU	1,873,958	1,588,174
Rest of world	651,520	224,656
	<u>14,513,232</u>	<u>12,322,916</u>
	2023	2022
	£	£
Other revenue		
Interest income	40,596	4,330
Grants received		2,866
	<u>40,596</u>	<u>7,196</u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	72,102	(78,323)
Government grants		(2,866)
Fees payable to the company's auditor for the audit of the company's financial statements	21,500	
Depreciation of owned tangible fixed assets	47,232	32,751
Loss on disposal of tangible fixed assets	434	283
Amortisation of intangible assets	555,818	156,013
Operating lease charges	173,494	141,162
	<u>1,040,670</u>	<u>409,120</u>

5 Employees

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

	2023	2022
	Number	Number
Management	9	9
Operational	29	26
Administration	12	11
	<u>50</u>	<u>46</u>

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

5 Employees

(Continued)

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	1,430,177	1,066,082
Social security costs	168,072	142,328
Pension costs	115,039	108,420
	<u>1,713,288</u>	<u>1,316,830</u>

6 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	158,052	157,001
Company pension contributions to defined contribution schemes	18,500	18,553
	<u>176,552</u>	<u>175,554</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 3).

7 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	36,300	3,914
Other interest income	4,296	416
Total income	<u>40,596</u>	<u>4,330</u>

8 Interest payable and similar expenses

	2023	2022
	£	£
Other interest	<u>534</u>	<u>4,648</u>

9 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	-	44,458
Adjustments in respect of prior periods	1,673	51,422
Total current tax	<u>1,673</u>	<u>95,880</u>

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

9 Taxation

(Continued)

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	(519,821)	(52,383)
Adjustment in respect of prior periods	230	-
Total deferred tax	<u>(519,591)</u>	<u>(52,383)</u>
Total tax (credit)/charge	<u>(517,918)</u>	<u>43,497</u>

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

	2023 £	2022 £
Profit before taxation	<u>2,363,922</u>	<u>1,051,575</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	556,007	199,799
Tax effect of expenses that are not deductible in determining taxable profit	8,565	961
Change in unrecognised deferred tax assets	362,809	(67,409)
Adjustments in respect of prior years	1,673	51,421
Effect of change in corporation tax rate	(30,762)	(12,572)
Depreciation on assets not qualifying for tax allowances	158	92
Research and development tax credit	4,277	(123,986)
Deferred tax adjustments in respect of prior years	230	-
Superdeduction claimed	(411)	(4,809)
EMI deduction	(1,420,464)	-
Taxation (credit)/charge for the year	<u>(517,918)</u>	<u>43,497</u>

10 Dividends

	2023 £	2022 £
Final paid	<u>1,143,308</u>	<u>311,955</u>

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

11 Intangible fixed assets

	Goodwill	Patents	Development costs	Total
	£	£	£	£
Cost				
At 1 January 2023	268,103	26,966	3,302,866	3,597,935
Additions - internally developed	-	-	350,361	350,361
Disposals	-	-	(983,877)	(983,877)
At 31 December 2023	268,103	26,966	2,669,350	2,964,419
Amortisation and impairment				
At 1 January 2023	268,103	3,896	1,532,986	1,804,985
Amortisation charged for the year	-	1,293	554,525	555,818
Disposals	-	-	(983,877)	(983,877)
At 31 December 2023	268,103	5,189	1,103,634	1,376,926
Carrying amount				
At 31 December 2023	-	21,777	1,565,716	1,587,493
At 31 December 2022	-	23,070	1,769,880	1,792,950

12 Tangible fixed assets

	Other fixed assets	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Machinery	Total
	£	£	£	£	£	£
Cost						
At 1 January 2023	69,109	139,388	231,214	58,266	11,624	509,601
Additions	2,269	25,303	47,786	-	12,058	87,416
Disposals	-	(541)	-	-	-	(541)
At 31 December 2023	71,378	164,150	279,000	58,266	23,682	596,476
Depreciation and impairment						
At 1 January 2023	51,216	54,515	130,834	36,620	2,697	275,882
Depreciation charged in the year	3,180	11,657	23,629	7,445	1,321	47,232
Eliminated in respect of disposals	-	(107)	-	-	-	(107)
At 31 December 2023	54,396	66,065	154,463	44,065	4,018	323,007
Carrying amount						
At 31 December 2023	16,982	98,085	124,537	14,201	19,664	273,469
At 31 December 2022	17,893	84,873	100,380	21,646	8,927	233,719

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13	Financial instruments		
		2023	2022
		£	£
	Carrying amount of financial liabilities		
	Measured at fair value through profit or loss		
	- Other financial liabilities	-	8,010
		<u> </u>	<u> </u>
14	Stocks		
		2023	2022
		£	£
	Raw materials and consumables	640,771	435,382
	Work in progress	160,087	95,305
	Finished goods and goods for resale	435,375	1,696,845
		<u> </u>	<u> </u>
		<u>1,236,233</u>	<u>2,227,532</u>
15	Debtors		
		2023	2022
		£	£
	Amounts falling due within one year:		
	[‡] Trade debtors	1,264,080	5,202,636
	[¶] Corporation tax recoverable	64,729	-
	- Other debtors	405,306	271,501
	- Prepayments and accrued income	294,568	176,657
		<u> </u>	<u> </u>
		2,028,683	5,650,794
	Deferred tax asset (note 18)	411,790	-
		<u> </u>	<u> </u>
		<u>2,440,473</u>	<u>5,650,794</u>
		<u> </u>	<u> </u>
		2023	2022
		£	£
	Amounts falling due after more than one year:		
	Deferred tax asset (note 18)	118,940	11,139
		<u> </u>	<u> </u>
	Total debtors	<u>2,559,413</u>	<u>5,661,933</u>

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

16 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	1,384,183	4,652,277
Amounts owed to group undertakings	420,743	65,515
Corporation tax	814	814
Other taxation and social security	47,496	1,883,798
Derivative financial instruments		8,010
Other creditors	30,044	24,792
Accruals and deferred income	519,685	4,129,671
	<u>2,402,965</u>	<u>10,764,877</u>

17 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Accruals and deferred income	-	490,238
	<u>-</u>	<u>490,238</u>

18 Deferred taxation

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

	Assets 2023	Assets 2022
	£	£
Balances:		
Accelerated capital allowances	(414,431)	(55,379)
Tax losses	943,515	64,958
Retirement benefit obligations	1,646	1,560
	<u>530,730</u>	<u>11,139</u>
		2023
Movements in the year:		£
Asset at 1 January 2023		(11,139)
Credit to profit or loss		(519,591)
Asset at 31 December 2023		<u>(530,730)</u>

The deferred tax asset set out above is expected to reverse within 5 years and relates to the utilisation of tax losses against future expected profits.

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

19 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	115,039	108,420
	<u>115,039</u>	<u>108,420</u>

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

Pension contributions amounting to £12,712 (2022: £12,066) were outstanding at the balance sheet date.

20 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary A shares of £1 each	85	85	85	85
Ordinary B shares of £1 each	15	15	15	15
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

21 Operating lease commitments

Lessee

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

	2023	2022
	£	£
Within one year	104,032	104,032
Between two and five years	404,798	409,330
In over five years	66,333	165,833
	<u>575,163</u>	<u>679,195</u>

FORSBERG SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

22 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

The following amounts were outstanding at the reporting end date:

	2023	2022
	£	£
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	420,743	65,515
	<u>420,743</u>	<u>65,515</u>
Amounts due from related parties		
Key management personnel		249,853
		<u>249,853</u>

Other information

The company has taken advantage of the exemption contained in Section 33 of FRS 102 "Related Party Disclosures" from disclosing transactions with entities which are part of the group, where 100% of the voting rights in the entities are controlled within the group.

23 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

Description	%	Opening	Interest	Amounts	Closing
	Rate	balance	charged	repaid	balance
		£	£	£	£
Directors	2.00	199,770	4,167	(203,937)	-
		<u>199,770</u>	<u>4,167</u>	<u>(203,937)</u>	<u>-</u>

24 Ultimate controlling party

Up until 20 December 2023 the immediate controlling party was Mr F C W Forsberg due to his majority shareholding in the immediate holding company. The immediate parent undertaking throughout the year was Forsberg Holdings Limited.

On 20 December 2023 Forsberg Holdings Limited was acquired by Teleplan Holding UK Ltd.

The smallest and largest group in which the results of the company are consolidated as at 31 December 2023 is that headed by Forsberg Holdings Limited. The consolidated financial statements for this group are available from the registered office, North Quay Offices, Heysham Port, Heysham, United Kingdom, LA3 2XF.