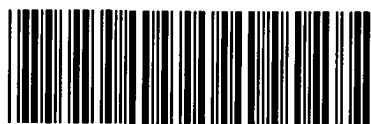


**TELESOFT TECHNOLOGIES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

SATURDAY



\*A8JB26LT\*

A18

30/11/2019

#231

COMPANIES HOUSE

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	Mr R H Downham Mr M Downham Dr D J Price Mr J M Scott Mrs J Martin Dr A Vincent (appointed 1 January 2019) Mr M George (resigned 23 January 2019) Mr S F Patton (resigned 30 June 2019)
<b>Company secretary</b>	Mrs J Martin
<b>Registered number</b>	02344740
<b>Registered office</b>	Observatory House Stour Park Blandford Forum Dorset DT11 9LQ
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 5 Benham Road Southampton Science Park Chilworth Southampton Hampshire SO16 7QJ

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**CONTENTS**

---

	Page
<b>Group strategic report</b>	<b>1 - 2</b>
<b>Directors' report</b>	<b>3 - 5</b>
<b>Independent auditor's report</b>	<b>6 - 8</b>
<b>Consolidated profit and loss account</b>	<b>9</b>
<b>Consolidated balance sheet</b>	<b>10</b>
<b>Company balance sheet</b>	<b>11</b>
<b>Consolidated statement of changes in equity</b>	<b>12</b>
<b>Company statement of changes in equity</b>	<b>13</b>
<b>Consolidated Statement of cash flows</b>	<b>14</b>
<b>Notes to the financial statements</b>	<b>15 - 32</b>

---

## TELESOFT TECHNOLOGIES LIMITED

---

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### Introduction

The strategic report for the year ended 30 September 2019 is set out below.

#### Business review

The company remained profitable (£889k) and saw the continued growth of the sales revenue to £10.3m (from £9.1m). The year ended with cash of £2.35m, from £1.17m in 2018, a 100% increase year on year.

Legacy telecoms products/services now account for only a minority 20% of the total sales revenue whereas cyber product/services have grown from near zero over a 2 year period to become the majority 80% in this FY, mainly due to demand for the TDAC product and its associated ancillary hardware systems.

We believe that our experience in high bandwidth interfaces and subsequent large scale processing gives our products a significant advantage, currently our success has been in large-scale networks. However we have also developed in the year a smaller scale software only offering - the new TDAC-100 - which is currently being marketed.

Part of our success is due to our commitment to developing our own Intel based FPGA line card technology, which is now the basis of all shipped hardware based systems. We have benefited from a close and supportive relationship that Intel have offered us and will continue the R&D efforts.

The Intel based line card is used in our new Triton Cyber Warfare Simulator, developed during this year, which generates threat traffic at a rate of 400 gig and is also being marketed now.

These two new products developed in the current financial year have been launched and we are expecting significant future revenue for them, as well as the continued growth in our existing support and product streams.

We are investing more into business development and will be opening a London based sales office located at the Shard in late 2019.

We feel confident from the past two years results that we are on the right path and subsequently believe that the company will meet with increased financial and technological success in the coming year.

---

## TELESOFT TECHNOLOGIES LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### Principal risks and uncertainties

##### Overview

The Group uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The directors review and agrees policies for managing each of the risks as summarised below:

##### Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation. All financial assets of the Group, except cash in hand, are subject to credit risk. In order to manage credit risk, where appropriate, credit limits are set for customers based upon a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis.

##### Interest rate risk

Interest rate risk is risk to the Group earnings or market value of a portfolio due to uncertain future interest rates. As at year end the Group is not exposed to any interest rate risk.

##### Liquidity risk

Liquidity risk represents the risk that the Group shall encounter difficulties in meeting obligations associated with financial liabilities. The Group seeks to manage risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through cash generated from operations. Short term flexibility is achieved by overdraft facilities.

##### Political climate

Political risk represents risk faced by the Group that political decisions, events, or conditions will significantly affect the profitability of the Group. Political policies, outside of the Group's control can impact the market which directly impacts the trading performance of the business. The directors consider the Group has sufficient resources and prompt reporting mechanisms to identify such that they can act upon political changes as required.

##### Financial key performance indicators

Given the straight forward nature of the business, the company's directors are of the opinion that a further detailed analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the group.

##### Other key performance indicators

There are no other key performance indicators monitored by the Group.

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

  
Mr R H Downham  
Director

Date: 22/11/19

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

The directors present their report and the financial statements for the year ended 30 September 2019.

**Results and dividends**

The profit for the year, after taxation, amounted to £889,000 (2018: £1,565,000).

Particulars of dividends paid are detailed in note 10 to these financial statements.

**Going concern**

The directors have made an assessment in preparing these consolidated financial statements as to whether the Group is a going concern and have concluded that there are no material uncertainties that may cast doubt on the Group's ability to continue as a going concern.

**Directors**

The directors who served during the year were:

Mr R H Downham  
Mr M Downham  
Dr D J Price  
Mr J M Scott  
Mrs J Martin  
Dr A Vincent (appointed 1 January 2019)  
Mr M George (resigned 23 January 2019)  
Mr S F Patton (resigned 30 June 2019)

---

## TELESOFT TECHNOLOGIES LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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, including FRS 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 and profit or loss of the Company and the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Future developments

Please refer to the business review on page 1.

#### Qualifying third party indemnity provisions

Throughout the period from 1 October 2018 to the date of this report, an indemnity has been in force under which all the directors of the Company are, to the extent permitted by law, indemnified by Telesoft Technologies Limited, in respect of all costs, charges, expenses or liabilities which they may incur in or about the execution of their duties to the company or as a result of things done by them as directors on behalf of the Company.

#### Matters covered in the strategic report

Key performance indicators and a business review for the year ended 30 September 2019 are disclosed in the Strategic Report as required by s414C(11) of the Companies Act 2006.

#### Post balance sheet events

A new operating lease agreement was signed in October 2019 for a sales based office in the Shard.

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

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



**Mr R H Downham**  
Director

Date: 22/11/19





---

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELESOFT TECHNOLOGIES LIMITED

---

### Opinion

We have audited the financial statements of Telesoft Technologies Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2019, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELESOFT TECHNOLOGIES LIMITED  
(CONTINUED)**

---

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELESOFT TECHNOLOGIES LIMITED  
(CONTINUED)**

---

**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 4, 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 Group's and the parent 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 Group or the parent 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.



Amanda James FCCA  
Senior statutory auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Southampton  
Date: 27 November 2019

**TELESOFT TECHNOLOGIES LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £000	2018 £000
Turnover	4	10,311	9,055
Cost of sales (excluding research & development expenditure)		(2,110)	(1,780)
Research & development expenditure net of tax credit		(1,775)	(1,929)
<b>Gross profit</b>		<b>6,426</b>	<b>5,346</b>
Distribution costs		(1,067)	(835)
Administrative expenses (excluding research & development expenditure)		(4,200)	(2,684)
Research & development expenditure net of tax credit		(276)	(268)
<b>Operating profit</b>	5	<b>883</b>	<b>1,559</b>
Interest receivable and similar income		12	6
<b>Profit before taxation</b>		<b>895</b>	<b>1,565</b>
Tax on profit	9	(6)	-
<b>Profit for the financial year</b>		<b>889</b>	<b>1,565</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the Consolidated profit and loss account.

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 15 to 32 form part of these financial statements.

**TELESOFT TECHNOLOGIES LIMITED**  
**REGISTERED NUMBER:02344740**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2019**

	Note	2019 £000	2019 £000	2018 £000	2018 £000
<b>Fixed assets</b>					
Tangible assets	11		3,095		3,135
<b>Current assets</b>					
Stocks	13	1,672		1,528	
Debtors: amounts falling due within one year	14	2,251		3,908	
Cash at bank and in hand		2,350		1,178	
		<u>6,273</u>		<u>6,614</u>	
Creditors: amounts falling due within one year	15	(1,908)		(2,418)	
<b>Net current assets</b>			<u>4,365</u>		<u>4,196</u>
<b>Total assets less current liabilities</b>			<u>7,460</u>		<u>7,331</u>
<b>Provisions for liabilities</b>					
Other provisions	17	(80)		(110)	
			<u>(80)</u>		<u>(110)</u>
<b>Net assets</b>			<u><u>7,380</u></u>		<u><u>7,221</u></u>
<b>Capital and reserves</b>					
Called up share capital	18	-		-	
Revaluation reserve	19	229		229	
Profit and loss account	19	7,151		6,992	
			<u><u>7,380</u></u>		<u><u>7,221</u></u>

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

  
**Mr R H Downham**  
 Director

Date: 22/11/19

The notes on pages 15 to 32 form part of these financial statements.

**TELESOFT TECHNOLOGIES LIMITED**  
**REGISTERED NUMBER:02344740**

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2019**

	Note	2019 £000	2019 £000	2018 £000	2018 £000
<b>Fixed assets</b>					
Tangible assets	11		3,082		3,090
Investments	12		1		1
			<u>3,083</u>		<u>3,091</u>
<b>Current assets</b>					
Stocks	13	1,672		1,528	
Debtors: amounts falling due within one year	14	1,975		3,863	
Cash at bank and in hand		2,259		1,016	
		<u>5,906</u>		<u>6,407</u>	
Creditors: amounts falling due within one year	15	(1,524)		(2,193)	
<b>Net current assets</b>			<u>4,382</u>		<u>4,214</u>
<b>Total assets less current liabilities</b>			<u>7,465</u>		<u>7,305</u>
<b>Provisions for liabilities</b>					
Other provisions	17	(80)		(110)	
			<u>(80)</u>		<u>(110)</u>
<b>Net assets</b>			<u>7,385</u>		<u>7,195</u>
<b>Capital and reserves</b>					
Called up share capital	18		-		-
Revaluation reserve	19		229		229
Profit and loss account brought forward		6,966		5,717	
Profit for the year		920		1,449	
Other changes in the profit and loss account		(730)		(200)	
			<u>7,156</u>		<u>6,966</u>
<b>Profit and loss account carried forward</b>			<u>7,385</u>		<u>7,195</u>

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

**Mr R H Downham**

Director

Date: 22/11/19



The notes on pages 15 to 32 form part of these financial statements.

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
<b>At 1 October 2017</b>	-	229	5,627	5,856
Profit for the year	-	-	1,565	1,565
Dividends: Equity capital	-	-	(200)	(200)
<b>At 1 October 2018</b>	-	229	6,992	7,221
Profit for the year	-	-	889	889
Dividends: Equity capital	-	-	(730)	(730)
<b>At 30 September 2019</b>	-	229	7,151	7,380

The notes on pages 15 to 32 form part of these financial statements.

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
<b>At 1 October 2017</b>	-	229	5,717	5,946
Profit for the year	-	-	1,449	1,449
Dividends: Equity capital	-	-	(200)	(200)
<b>At 1 October 2018</b>	-	229	6,966	7,195
Profit for the year	-	-	920	920
Dividends: Equity capital	-	-	(730)	(730)
<b>At 30 September 2019</b>	-	229	7,156	7,385

The notes on pages 15 to 32 form part of these financial statements.



**TELESOFT TECHNOLOGIES LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	<b>2019 £000</b>	<b>2018 £000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	889	1,565
<b>Adjustments for:</b>		
Depreciation of tangible assets	689	769
Interest received	(12)	(6)
Taxation charge	(311)	(214)
Increase in stocks	(144)	(26)
Decrease/(increase) in debtors	1,974	(2,231)
Decrease in creditors	(510)	(214)
Decrease in provisions	(30)	(217)
Corporation tax (paid)/received	(6)	353
Exchange differences	(3)	(10)
<b>Net cash generated from operating activities</b>	<b>2,536</b>	<b>(231)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(646)	(582)
Sale of tangible fixed assets	-	36
Interest received	12	6
<b>Net cash from investing activities</b>	<b>(634)</b>	<b>(540)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(730)	(200)
<b>Net cash used in financing activities</b>	<b>(730)</b>	<b>(200)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,172</b>	<b>(971)</b>
Cash and cash equivalents at beginning of year	1,178	2,149
<b>Cash and cash equivalents at the end of year</b>	<b>2,350</b>	<b>1,178</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,350	1,178

The notes on pages 15 to 32 form part of these financial statements.

---

## TELESOFT TECHNOLOGIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### 1. General information

Telesoft Technologies Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Observatory House, Stour Park, Blandford Forum, Dorset, DT11 9LQ.

Telesoft Technologies Limited is a proven and trusted global provider of government infrastructure, cyber security and telecoms mobile products and services. Telesoft works with integrators and Service Providers to develop, manufacture and support systems that generate revenue, keep critical infrastructure operational and important data safe on legacy high density TDM, optical SONET/SDH and latest technology multi 100Gbps networks.

#### 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 Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

##### Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Company as a whole.

The Group financial statements consolidate the financial statements of Telesoft Technologies Limited and its subsidiary undertaking drawn up to 30 September each year.

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

The following principal accounting policies have been applied:

---

## TELESOFT TECHNOLOGIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

## 2. Accounting policies (continued)

### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 October 2014.

### 2.3 Going concern

The directors have made an assessment in preparing these consolidated financial statements as to whether the Group is a going concern and have concluded that there are no material uncertainties that may cast doubt on the Group's ability to continue as a going concern.

### 2.4 Revenue

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is recognised where goods have been delivered or the risks and reward of ownership have transferred to the customer and there is no future performance required and amounts are collectable under normal payment terms. Turnover is recognised on long term contracts based on the stage of completion having regard to the proportion that the fair value of the goods and services provided to date represent of the total estimated fair value. Warranty income is recognised on a straight line basis over the time period to which it relates. Cash received in advance from customers is taken to deferred income and recognised as turnover when the service is provided.

---

## TELESOFT TECHNOLOGIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

## 2. Accounting policies (continued)

### 2.5 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:

Freehold property	- 2%
Long term leasehold property	- over term of the lease
Loan equipment and other fittings	- 25%
Computer equipment	- 25%

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 the Consolidated profit and loss account.

Following the option available under FRS 102, the policy on freehold property has changed whereas in years prior to 30 September 2015 a full valuation was obtained from a qualified valuer for freehold property every five years, and in any year where it is likely that there has been a material change in value. Valuations will now not take place and the revalued freehold property balance as at 30 September 2016 will be deemed as cost and amortised over equal installments for the remaining expected life.

### 2.6 Valuation of investments

Investments in subsidiaries are accounted for at cost less accumulated impairment in the individual financial statements.

### 2.7 Stocks

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

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 Consolidated profit and loss account.

### 2.8 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.

---

## TELESOFT TECHNOLOGIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### 2. Accounting policies (continued)

##### 2.9 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 2.10 Financial instruments

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance Sheet date.

##### 2.11 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.

---

## TELESOFT TECHNOLOGIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### 2. Accounting policies (continued)

##### 2.12 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 the Consolidated profit and loss account 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 Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated profit and loss account within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### 2.13 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.

##### 2.14 Operating leases: the Group as lessee

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

---

TELESOFT TECHNOLOGIES LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

**2. Accounting policies (continued)**

**2.15 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.16 Holiday pay accrual**

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

**2.17 Interest income**

Interest income is recognised in the Consolidated profit and loss account using the effective interest method.

**2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

---

## TELESOFT TECHNOLOGIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### 2. Accounting policies (continued)

##### 2.19 Taxation

Tax is recognised in the Consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

##### 2.20 Research and development

Research and development expenditure is written off in the year in which it is incurred.

As the Group does not capitalise any research and development costs and charges it all through the Profit and loss account, it is deemed appropriate that the research and development tax credit is matched against this expenditure as this reflects the true underlying cost of the activity.



---

## TELESOFT TECHNOLOGIES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

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

The Group's significant accounting policies are stated in Note 2. Not all of these significant policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management considers critical because of their complexity, judgement and estimation involved in their application and their impact on these financial statements. Judgements and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These judgements involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgements or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

##### **Doubtful debts:**

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of these balances, management considers factors including the credit rating of the receivable, the ageing profile of the receivable and historical experience.

##### **Stock impairments:**

The Group makes an estimate of the recoverable value of stock. When assessing impairment of these balances, management considers factors including the ageing profile of the stock and historical experience.

##### **Warranty provisions:**

Provisions are recognised in respect of potential future warranty claims which may arise in respect of works undertaken by the business. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual arrangements. Management assess the timing and extent of such provision based on historical data for similar works undertaken.

##### **Useful economic lives of tangible fixed assets:**

The annual depreciation charge for tangible fixed assets is sensitive to changes in estimated useful economic lives and residual value 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 advancements, economic utilisation and the physical condition of the assets.

#### 4. Turnover

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	8,016	5,144
Rest of the World	2,295	3,911
	<u>10,311</u>	<u>9,055</u>

---

TELESOFT TECHNOLOGIES LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

5. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Research & development charged as an expense	2,368	2,413
Research and development tax credit	(318)	(216)
Depreciation of tangible fixed assets	689	769
Exchange differences	(9)	(7)
Other operating lease rentals	114	136
	<u>          </u>	<u>          </u>

6. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>33</u>	<u>32</u>
Taxation compliance services	7	7
Accounting services	2	2
Taxation advisory services	<u>3</u>	<u>-</u>

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
Wages and salaries	4,138	3,408	3,835	3,156
Social security costs	467	393	467	393
Cost of defined contribution scheme	174	157	174	157
	<u>4,779</u>	<u>3,958</u>	<u>4,476</u>	<u>3,706</u>

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

	<b>2019 No.</b>	<i>2018 No.</i>
Engineering staff	43	42
Sales and administration staff	30	23
	<u>73</u>	<u>65</u>

**8. Directors' remuneration**

	<b>2019 £000</b>	<i>2018 £000</i>
Directors' emoluments	970	822
Company contributions to defined contribution pension schemes	37	40
	<u>1,007</u>	<u>862</u>

During the year retirement benefits were accruing to 4 directors (2018: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £363 thousand (2018: £180 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14 thousand (2018: £Nil).

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**9. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Foreign tax</b>		
Foreign tax on income for the year	<b>6</b>	-
<b>Total current tax</b>	<b>6</b>	-

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018: *lower than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<b>896</b>	<b>1,565</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	<b>170</b>	<b>297</b>
<b>Effects of:</b>		
Capital allowances for year in excess of depreciation	<b>(10)</b>	<b>45</b>
Utilisation of tax losses	<b>(160)</b>	<b>(342)</b>
Foreign tax on income for the year	<b>6</b>	-
<b>Total tax charge for the year</b>	<b>6</b>	-

Deferred tax liabilities of £189,757 (2018: £173,920) and deferred tax assets of £298,789 (2018: £298,789) have not been recognised in these financial statements.

**Factors that may affect future tax charges**

The Group has trading losses of £1,740,000 (2018: £1,740,000) to carry forward into future periods to set against future taxable trading profits.

**TELESOFT TECHNOLOGIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**10. Dividends**

	2019 £000	2018 £000
Dividends paid during the year - £10,895 per share (2018: £2,985 per share)	<u>730</u>	<u>200</u>

**11. Tangible fixed assets**

**Group**

	Freehold property £000	Long term leasehold property £000	Computer equipment £000	Loan equipment and other fittings £000	Total £000
<b>Cost or valuation</b>					
At 1 October 2018	2,229	99	2,592	78	4,998
Additions	-	-	592	54	646
Disposals	-	-	(840)	(34)	(874)
Exchange adjustments	-	3	5	1	9
At 30 September 2019	<u>2,229</u>	<u>102</u>	<u>2,349</u>	<u>99</u>	<u>4,779</u>
<b>Depreciation</b>					
At 1 October 2018	157	83	1,564	59	1,863
Charge for the year on owned assets	39	11	613	26	689
Disposals	-	-	(840)	(34)	(874)
Exchange adjustments	-	2	3	1	6
At 30 September 2019	<u>196</u>	<u>96</u>	<u>1,340</u>	<u>52</u>	<u>1,684</u>
<b>Net book value</b>					
At 30 September 2019	<u>2,033</u>	<u>6</u>	<u>1,009</u>	<u>47</u>	<u>3,095</u>
At 30 September 2018	<u>2,072</u>	<u>16</u>	<u>1,028</u>	<u>19</u>	<u>3,135</u>

**TELESOFT TECHNOLOGIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**11. Tangible fixed assets (continued)**

**Company**

	Freehold property £000	Long term leasehold property £000	Loan equipment and other fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>					
At 1 October 2018	2,229	58	66	2,515	4,868
Additions	-	-	54	592	646
Disposals	-	-	(34)	(840)	(874)
At 30 September 2019	2,229	58	86	2,267	4,640
<b>Depreciation</b>					
At 1 October 2018	157	58	51	1,512	1,778
Charge for the year on owned assets	39	-	23	592	654
Disposals	-	-	(34)	(840)	(874)
At 30 September 2019	196	58	40	1,264	1,558
<b>Net book value</b>					
At 30 September 2019	2,033	-	46	1,003	3,082
At 30 September 2018	2,072	-	15	1,003	3,090

In accordance with accounting standard FRS 102, section 17, a valuation of the freehold property occupied by the group was performed by independent valuers, Nettleship Sawyer Limited, on 16 August 2013, on the basis of existing use value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. This valued the freehold land and building at £1,965,000.

Following the £326,000 addition of land in 2015 the historical cost of £2,009,000 for freehold property is now £2,335,000 (2018: £2,335,000) with £787,313 allocated to freehold land and £1,547,687 allocated to freehold buildings. The accumulated depreciation on a historical basis is £196,000 (2018: £157,000), giving a historical net book value of £2,033,000 (2018: £2,072,000).

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**12. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 October 2018	1
At 30 September 2019	<u>1</u>

The Company owns 100% of the issued share capital of the US registered company. Telesoft Technologies Incorporated. The Company has \$1,000 issued ordinary share capital and its principal activity is the sale and support of telecommunications equipment. The Company is included in the consolidated financial statements of Telesoft Technologies Limited.

Telesoft Technologies Incorporated's registered address is:  
1125 Townpark Drive  
Suite 300  
Kennesaw  
GA 30144

**13. Stocks**

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
Raw materials and consumables	<u>1,672</u>	<u>1,528</u>	<u>1,672</u>	<u>1,528</u>

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**14. Debtors**

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
Trade debtors	<b>1,228</b>	<i>3,241</i>	<b>978</b>	<i>3,218</i>
Other debtors	<b>204</b>	<i>175</i>	<b>198</b>	<i>171</i>
Prepayments and accrued income	<b>281</b>	<i>271</i>	<b>261</b>	<i>253</i>
Tax recoverable	<b>538</b>	<i>221</i>	<b>538</b>	<i>221</i>
	<b>2,251</b>	<i>3,908</i>	<b>1,975</b>	<i>3,863</i>

**15. Creditors: Amounts falling due within one year**

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
Trade creditors	<b>543</b>	<i>1,102</i>	<b>523</b>	<i>974</i>
Amounts owed to group undertakings	<b>-</b>	<i>-</i>	<b>133</b>	<i>88</i>
Other taxation and social security	<b>155</b>	<i>487</i>	<b>155</b>	<i>487</i>
Other creditors	<b>23</b>	<i>16</i>	<b>23</b>	<i>18</i>
Accruals and deferred income	<b>1,187</b>	<i>813</i>	<b>690</b>	<i>626</i>
	<b>1,908</b>	<i>2,418</i>	<b>1,524</b>	<i>2,193</i>



**TELESOFT TECHNOLOGIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**16. Financial instruments**

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	<b>2,349</b>	<i>1,178</i>	<b>2,402</b>	<i>1,016</i>
Financial assets that are debt instruments measured at amortised cost	<b>1,432</b>	<i>3,417</i>	<b>1,033</b>	<i>3,388</i>
	<u><b>3,781</b></u>	<u><i>4,595</i></u>	<u><b>3,435</b></u>	<u><i>4,404</i></u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b>(704)</b>	<i>(1,359)</i>	<b>(803)</b>	<i>(1,238)</i>
	<u><b>(704)</b></u>	<u><i>(1,359)</i></u>	<u><b>(803)</b></u>	<u><i>(1,238)</i></u>

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

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group, accruals and other creditors.

**17. Provisions**

**Group**

	<b>Warranty provisions £000</b>
At 1 October 2018	<b>110</b>
Utilised in year	<b>(30)</b>
<b>At 30 September 2019</b>	<u><b>80</b></u>

The warranty provision relates to warranties and guarantees in respect of products sold and services provided.

---

TELESOFT TECHNOLOGIES LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

17. Provisions (continued)

Company

	Warranty provisions £000	Total £000
At 1 October 2018	110	110
Utilised in year	(30)	(30)
At 30 September 2019	<u>80</u>	<u>80</u>

The warranty provision relates to warranties and guarantees in respect of products sold and services provided.

18. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
67 (2018: 67) Ordinary shares of £1.00 each	<u>67</u>	<u>67</u>

19. Reserves

Revaluation reserve

The revaluation reserve includes the accumulated gains/(losses) on revaluation of freehold property.

Profit & loss account

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

20. Pension commitments

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contribution payable are charged to the Consolidated profit and loss account.

Included in other creditors are outstanding pension scheme contributions of £21,134 (2018: £17,721).

The pension cost charge represents contributions payable by the Group to the fund and amounted to £175,000 (2018: £157,000).

---

**TELESOFT TECHNOLOGIES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**21. Commitments under operating leases**

At 30 September 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
<b>Land and buildings</b>				
Not later than 1 year	113	102	41	32
Later than 1 year and not later than 5 years	6	79	-	-
	<u>119</u>	<u>181</u>	<u>41</u>	<u>32</u>
	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
<b>Other</b>				
Not later than 1 year	12	12	12	12
Later than 1 year and not later than 5 years	10	23	10	23
	<u>22</u>	<u>35</u>	<u>22</u>	<u>35</u>

**22. Related party transactions**

Other creditors include a directors loan from Mr R H Downham, for £2,032 (2018: £Nil).

Other debtors include a directors loan for Mr M Downham, for £90,097 (2018: £100,500) which includes interest of £3,200 charged at 4% per annum (2018: £3,200).

The Group is exempt under FRS 102 paragraph 33.1A from disclosing any transactions or balances between wholly owned group entities that have been eliminated on consolidation.

**23. Post balance sheet events**

A new operating lease agreement was signed in October 2019 for a sales based office in the Shard.

**24. Controlling party**

Mr R H Downham is the ultimate controlling party by virtue of his interest in the share capital of the Group