Financial Statements

Telegartner UK Limited

For the Year Ended 31 December 2017

Registered number: 04166282

Company Information

Directors	R A Mulley D P Gärtner
Company secretary	R A Mulley
Registered number	04166282
Registered office	Unit 1 - A1(M) Business Centre 151 Dixons Hill Road Welham Green Hertfordshire AL9 7JE
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU
Bankers	Bank of Scotland Beauclerc House 4 Queens Road Reading RG1 4AR

Contents

Strategic Report
For the Year Ended 31 December 2017

Introduction

Telegartner UK Limited is a manufacturer of specialised cable assemblies, date voice products and a distributor of a wide range of inter connect products for a worldwide customer base. It is part of the Telegartner Group of companies.

Business review

In the year the company has expanded the turnover from their core range of products and developed its business in Europe and the UK, whilst setting up its distribution network throughout the UK, building a platform for future growth.

The results for the year and the financial position at the year end were considered satisfactory by the directors, who expect growth in the foreseeable future.

The directors intend to continue their present management policies for the following year.

Principal risks and uncertainties

We have reviewed the impact of Brexit and will keep under review the trading environment in the UK and our export markets in changes caused by decisions taken during the Brexit process. Although there may be an impact in certain areas, as a group we are strongly financed and strategically located to gain maximum benefits from changing business environments in the UK, Europe and the US.

The company has natural hedges in place against changes in the Euro and although is exposed to fluctuations in the US$ as a company, this can be offset by the Group, in that some units have a trade surplus of these currencies.

With respect to meeting demand for products, as part of a larger Group we have a continuing supply of new and leading edge technical products into our chosen industrial markets, this is supplemented with complementary products from other high-end suppliers. In addition to these products, we also supply into blue chip customers bespoke connectors and cable assemblies for their needs.

Financial key performance indicators

The financial key performance indicators are sales and gross profit. In 2017, we can see from the results that the sales have increased by 4.9% against the 2016 results. In the second half of 2017, the sales were increased as a result of the weakening GBP against the Euro, as the company has a high percentage of Euro sales. The impact on gross profit or the loss of the customer was an increase as the related sales were typically lower margin sales than those to other customers in the year. This resulted in an overall decrease in gross profit percentage from 25.8% to 23.7%.

The results for the year are set out on page 7 of the accounts.

This report was approved by the board on 19th March 2018 and signed on its behalf.

D P Gärtner
Director

19th March 2018

Directors' Report
For the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the Company is the manufacture of specialised cable assemblies, cables, connectors and related accessories.

Results and dividends

The profit for the year, after taxation, amounted to £127,741 (2016 - £63,738).

During the year the directors paid an interim dividend of £149,573 (2016: £270,000). The directors do not propose a final dividend (2016: £nil).

Directors

The directors who served during the year were:

R A Mulley
D P Gärtner

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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.

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

Directors' Report (continued)

For the Year Ended 31 December 2017

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's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

D P Gärtner
Director

19th March 2018

Grant Thornton

Independent Auditor's Report to the Members of Telegartner UK Limited

Opinion

We have audited the financial statements of Telegartner UK Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Independent Auditor's Report to the Members of Telegartner UK Limited (continued)

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 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' 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 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.

Grant Thornton

Independent Auditor's Report to the Members of Telegartner UK Limited (continued)

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

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.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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. This description forms part of our Auditor's report.

Grant Thornton

Independent Auditor's Report to the Members of Telegartner UK Limited (continued)

Grant Thornton UK LLP

Mitesh Tanna BSc(Hons) ACA (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Milton Keynes
Date: 16 April 2018

Statement of Comprehensive Income
For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	**8,582,237**	8,181,272
Cost of sales		**(6,548,477)**	(6,069,468)
Gross profit		**2,033,760**	2,111,804
Distribution costs		**(729,822)**	(800,475)
Administrative expenses		**(1,141,299)**	(1,144,686)
Operating profit	5	**162,639**	166,643
Interest receivable and similar income		**6,602**	13,168
Interest payable and expenses	9	**(17,628)**	(20,349)
Profit before tax		**151,613**	159,462
Tax on profit	10	**(23,872)**	(95,724)
Profit for the financial year		**127,741**	63,738

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 11 to 26 form part of these financial statements.

Statement of Financial Position

As at 31 December 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	11		**18,830**		11,833
Tangible assets	12		**117,428**		104,739
			136,258		116,572
Current assets					
Stocks	13	**1,291,694**		922,002	
Debtors: amounts falling due after more than one year	14	**1,308,798**		1,432,990	
Debtors: amounts falling due within one year	14	**1,008,111**		1,139,300	
Cash at bank and in hand	15	**70,456**		330,225	
		3,679,059		3,824,517	
Creditors: amounts falling due within one year	16	**(1,310,944)**		(1,049,484)	
Net current assets			**2,368,115**		2,775,033
Total assets less current liabilities			**2,504,373**		2,891,605
Creditors: amounts falling due after more than one year	17		**(473,752)**		(839,152)
Net assets			**2,030,621**		2,052,453
Capital and reserves					
Called up share capital	21		**209,439**		209,439
Share premium account	20		**514,414**		514,414
Profit and loss account	20		**1,306,768**		1,328,600
Shareholders' funds			**2,030,621**		2,052,453

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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

D P Gärtner
Director

19th March 2018

The notes on pages 11 to 26 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	209,439	514,414	1,534,862	2,258,715
Comprehensive income for the year				
Profit for the year	-	-	63,738	63,738
Total comprehensive income for the year	-	-	63,738	63,738
Dividends: Equity capital	-	-	(270,000)	(270,000)
At 1 January 2017	209,439	514,414	1,328,600	2,052,453
Comprehensive income for the year				
Profit for the year	-	-	127,741	127,741
Total comprehensive income for the year	-	-	127,741	127,741
Dividends: Equity capital	-	-	(149,573)	(149,573)
Total transactions with owners	-	-	(149,573)	(149,573)
At 31 December 2017	209,439	514,414	1,306,768	2,030,621

Notes to the Financial Statements

For the Year Ended 31 December 2017

1. General information

Telegartner UK Limited is a limited liability company incorporated in England and Wales. Registered number 04166282. Its registered head office is located at Unit 1 A1 (M) Business Centre, 151 Dixons Hill Road, Welham Green North Mymms, Hatfield, Hertfordshire, AL9 7JE.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The ultimate parent company is Telegartner Holdings GmbH, a company incorporated in Germany, and Telegartner UK Limited is included in the consolidated accounts of that company. The consolidated accounts are available from Telegartner Holdings GmbH, Lerchenstrasse 35, D-71144, Steinenbronn, Germany.

2.2 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Revenue

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

Sale of goods

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

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

Revenue is recognised on the despatch of goods to customers.

Notes to the Financial Statements
For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. Computer software is amortised over an estimated useful life of 3 years.

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:

Leasehold land and buildings	- depreciated over the life of the lease
Production equipment	- 25% straight line
Motor vehicles	- 25% straight line
Computer hardware	- 3 years

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 Statement of comprehensive income.

2.6 Operating leases: the Company as lessee

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

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Notes to the Financial Statements
For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.7 Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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.

2.9 Cash and cash equivalents

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

2.10 Financial instruments

The Company only enters into basic financial instruments 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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 Company would receive for the asset if it were to be sold at the reporting date.

Notes to the Financial Statements
For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 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.

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 Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Notes to the Financial Statements
For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.15 Leased assets: the Company as lessee

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

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Holiday pay accrual

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

2.18 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

Notes to the Financial Statements
For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the impairment of trade and other debtors, the useful lives of property, plant and equipment, determining the net realisable value of stock and the timing and fair value of deferred tax balances.

Notes to the Financial Statements
For the Year Ended 31 December 2017

4. Analysis of revenue

	2017	2016
	£	£
Sales of electronic components and assemblies	**8,582,237**	8,181,272

Analysis of turnover by country of destination:

	2017	2016
	£	£
United Kingdom	**2,977,131**	2,929,386
Rest of Europe	**5,137,187**	4,878,698
Rest of the world	**467,919**	373,188
	8,582,237	8,181,272

5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	**66,388**	44,235
Amortisation of intangible assets, including goodwill	**(8,729)**	(4,992)
Exchange differences	**12,927**	92,601
Defined contribution pension cost	**24,103**	21,799

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Company's auditor and its associates for:		
- the audit of the Company's annul accounts	**11,495**	11,275
- corporation tax compliance	**2,040**	2,000
	13,535	13,275

Notes to the Financial Statements
For the Year Ended 31 December 2017

7. Employees

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

	2017 No.	2016 No.
Directors	**1**	1
Production	**18**	18
Distribution and sales	**17**	15
Administration	**4**	4
	40	38

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	**123,781**	113,026
Company contributions to defined contribution pension schemes	**8,850**	7,500
	132,631	120,526

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	**115**	878
Other interest payable	**3,124**	3,982
Loans from group undertakings	**14,389**	15,489
	17,628	20,349

Notes to the Financial Statements
For the Year Ended 31 December 2017

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	-	2,604
Adjustments in respect of previous periods	-	(2,142)
	-	462
Total current tax	-	462
Deferred tax		
Origination and reversal of timing differences	23,872	25,275
Adjustments in respect of prior periods	-	(259)
Effect of tax charge change on opening balance	-	70,246
Total deferred tax	23,872	95,262
Taxation on profit on ordinary activities	23,872	95,724

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	151,613	159,462
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	29,185	31,893
Effects of:		
Adjustments to tax charge in respect of prior periods	-	(2,401)
Non-taxable income less expenses not deductible for tax purposes	265	447
Adjust deferred tax balance to average rate of 19.25%	(3,155)	65,785
Other differences leading to an increase (decrease) in the tax charge	(1,152)	-
Group relief (surrendered)/claimed	(1,271)	-
Total tax charge for the year	23,872	95,724

Factors that may affect future tax charges

10. Taxation (continued)

Unrelieved trading losses and capital tax losses of approximately £6,695,799 (2016: £6,788,723) and £2,154 (2016: £2,154) remain available to offset against future profits.

11. Intangible assets

	Computer software £
Cost	
At 1 January 2017	54,766
Additions	15,726
At 31 December 2017	70,492
Amortisation	
At 1 January 2017	42,933
Charge for the year	8,729
At 31 December 2017	51,662
Net book value	
At 31 December 2017	18,830
At 31 December 2016	11,833

Notes to the Financial Statements
For the Year Ended 31 December 2017

12. Tangible fixed assets

	Leasehold land and buildings £	Production equipment £	Motor vehicles £	Computer hardware £	Total £
Cost or valuation					
At 1 January 2017	106,339	212,407	41,015	63,633	423,394
Additions	-	37,298	-	41,779	79,077
Disposals	-	(21,590)	-	-	(21,590)
At 31 December 2017	106,339	228,115	41,015	105,412	480,881
Depreciation					
At 1 January 2017	106,339	152,836	7,008	52,472	318,655
Charge for the year on owned assets	-	38,357	-	17,777	56,134
Charge for the year on hire purchase	-	-	10,254	-	10,254
Disposals	-	(21,590)	-	-	(21,590)
At 31 December 2017	106,339	169,603	17,262	70,249	363,453
Net book value					
At 31 December 2017	-	58,512	23,753	35,163	117,428
At 31 December 2016	-	59,572	34,007	11,162	104,741

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Motor vehicles	23,753	34,007

Notes to the Financial Statements

For the Year Ended 31 December 2017

13. Stocks

	2017	2016
	£	£
Raw materials and consumables	**1,021,395**	668,422
Work in progress	**63,378**	42,338
Finished goods and goods for resale	**206,921**	211,242
	1,291,694	922,002

14. Debtors

	2017	2016
	£	£
Due after more than one year		
Amounts owed by group undertakings	**163,761**	264,081
Deferred tax asset	**1,145,037**	1,168,909
	1,308,798	1,432,990

	2017	2016
	£	£
Due within one year		
Trade debtors	**844,379**	1,004,638
Other debtors	**27,238**	-
Prepayments and accrued income	**136,494**	134,662
	1,008,111	1,139,300

15. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	**70,456**	330,225
Less: bank overdrafts	**(31,048)**	-
	39,408	330,225

16. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Bank overdrafts	**31,048**	-
Trade creditors	**448,428**	370,317
Amounts owed to group undertakings	**611,981**	342,222
Corporation tax	**-**	2,604
Other taxation and social security	**36,475**	47,562
Obligations under finance leases and hire purchase contracts	**19,229**	-
Accruals and deferred income	**163,783**	286,779
	1,310,944	1,049,484

Bank overdrafts are secured by a fixed and floating charge over the company's assets.

Loans under hire purchase are secured over the assets to which they relate.

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

	2017	2016
	£	£
Directors and previous shareholders loans	**112,381**	171,224
Net obligations under finance leases and hire purchase contracts	**3,623**	21,998
Amounts owed to group undertakings	**357,748**	645,930
	473,752	839,152

Included within directors and previous shareholders loans falling due after more than one year is an amount of £17,745 (2016: £27,036) due to a Director of the company. The interest payable on this loan is 2.5% per annum. During the year repayments of £9,825 (2016: £nil) were made. No amounts were written off during the year.

18. Loans

Analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due after more than 5 years		
Directors and previous shareholders loans	**112,381**	171,224

Notes to the Financial Statements
For the Year Ended 31 December 2017

19. Deferred taxation

	2017	2016
	£	£
At beginning of year	**1,168,909**	1,264,171
Charged to the profit or loss	**(23,872)**	(95,262)
At end of year	**1,145,037**	1,168,909

The deferred tax asset is made up as follows:

	2017	2016
	£	£
Tax losses carried forward and other deductions	**1,138,286**	1,154,083
Accelerated capital allowances	**-**	1,130
Short term timing differences	**6,751**	13,696
	1,145,037	1,168,909

20. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior period retained profits and losses.

21. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
209,439 Ordinary shares of £1 each	**209,439**	209,439

All shares have equal voting rights.

Notes to the Financial Statements
For the Year Ended 31 December 2017

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. The contributions payable by the company for the year were £25,627 (2016: £23,254).

23. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	**87,840**	87,840
Later than 1 year and not later than 5 years	**234,240**	322,080
	322,080	409,920

24. Controlling party

The ultimate parent company in the current year and prior year is Telegartner Holdings GmbH, a company incorporated in Germany. There is no ultimate controlling party.

Notes to the Financial Statements

For the Year Ended 31 December 2017

25. Related party transactions

Telegartner Slovakia AS is a related party due to it being a subsidiary of Telegartner Holdings GmbH (which Telegartner UK Limited is also a part of). During the period Telegartner UK made sales amounting to £2,067 (2016: £20,526) to Telegartner Slovakia AS and made purchases of £1,257,561 (2016: £1,112,671) from Telegartner Slovakia AS. At the period end Telegartner UK Limited owed Telegartner Slovakia AS £21,117 (2016: £72,748).

Quadrant Connectors Holdings Limited is a related party due to its shareholding in Telegartner UK Limited. During the period Telegartner UK Limited made interest payments amounting to £6,602 (2016: £6,875) to Quadrant Connectors Holdings Limited and charged Quadrant Connectors Holdings Limited management charges of £6,324 (2016: £13,026). At the period end Telegartner UK Limited owed Quadrant Connectors Holdings Limited £212,802 (2016: £286,711). At the period end Telegartner UK Limited was owed £163,761 (2016: £264,081) by Quadrant Connectors Holdings Limited.

Telegartner Karl Gartner GmbH is a related party due to it being a subsidiary of Telegartner Holdings GmbH. During the period Telegartner UK Limited made sales of £1,078,182 (2016: £319,418) to Telegartner Karl Gartner GmbH. At the period end Telegartner Karl Gartner GmbH owed Telegartner UK Limited £6,104 (2016: £773). During the period Telegartner UK Limited made purchases of £2,459,374 (2016: £1,959,901) from Telegartner Karl Gartner GmbH and made interest payments amounting to £8,098 (2016: £8,614) to Telegartner Karl Gartner GmbH. At the period end Telegartner UK Limited owed Telegartner Karl Gartner GmbH £463,046 (2016: £289,849). At the period end the loan outstanding to Telegartner Karl Gartner GmbH was £278,467 (2016: £359,219).

Telegartner Inc is a related party due to it being a subsidiary of Telegartner Holdings GmbH. During the period Telegartner UK Limited made sales of £5,886 (2016: £9,969) to Telegartner Inc and made purchases of £nil (2016: £4,770) from Telegartner Inc. At the period end Telegartner Inc owed Telegartner UK Limited £nil (2016: £646).

Telegartner Beteiligungs GmbH is a related party due to it being a subsidiary of Telegartner Holdings GmbH. During the period Telegartner UK Limited made purchases of £16,481 (2016: £22,869) from Telegartner Beteiligungs GmbH.

Telegartner Kunststofftechnik GmbH is a related party due to it being a subsidiary of Telegartner Holdings GmbH. During the period Telegartner UK Limited made purchases of £nil (2016: £17,352) from Telegartner Kunststofftechnik Gmbh.

Japan Telegartner Limited is a related party due to it being a subsidiary of Telegartner Holdings GmbH. During the period Telegartner UK Limited made purchases of £nil (2016: £270) from Japan Telegartner Limited.

Telegartner Geratebau GmbH is a related party due to it being a subsidiary of Telegartner Holdings GmbH. During the period Telegartner UK Limited made purchases of 3,301 (2016: £3,580) from Telegartner Geratebau GmbH and made sales of £72 (2016: £5,269) to Telegartner Geratebau GmbH.

During the year Telegartner UK Limited made purchases of £42,538 (2016: £39,033) from Telegartner Holdings GmbH.