
PERLE SYSTEMS EUROPE LIMITED

FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2023

**BALANCE SHEET
AS AT 31 DECEMBER 2023**

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	5	704	1,346
Investments	6	720,000	720,000
		<u>720,704</u>	<u>721,346</u>
Current assets			
Stocks		3,088	2,876
Debtors: amounts falling due within one year	7	486,624	358,999
Cash at bank and in hand	8	175,450	136,137
		<u>665,162</u>	<u>498,012</u>
Creditors: amounts falling due within one year	9	(98,906)	(43,279)
Net current assets		<u>566,256</u>	<u>454,733</u>
Total assets less current liabilities		<u>1,286,960</u>	<u>1,176,079</u>
Creditors: amounts falling due after more than one year	10	(2,668,000)	(2,668,000)
Net liabilities		<u>(1,381,040)</u>	<u>(1,491,921)</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	(1,381,042)	(1,491,923)
		<u>(1,381,040)</u>	<u>(1,491,921)</u>

PERLE SYSTEMS EUROPE LIMITED
REGISTERED NUMBER: 02058845

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with 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 31 January 2024.

D Barnett
Director

The notes on pages 3 to 13 form part of these financial statements.

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

1. General information

Perle Systems Europe Limited is a private company limited by shares incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the Company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, except where departure is necessary to ensure the financial statements show a true and fair view, and the Companies Act 2006. Where relevant details of departures from FRS 102 are specified within the accounting policies which follow.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies. The estimation of the deferred tax asset is the only matter of judgment that has a significant effect on the amounts recognised in the financial statements.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis as the parent undertaking has agreed to continue to provide financial support for the foreseeable future, being not less than twelve months from the date of signing of the balance sheet.

The Directors have taken all necessary measures to satisfy themselves that the Company will continue to be able to operate throughout the predicted cost increases and beyond. Therefore the Company is considered to be a going concern and no further adjustments have been made to the figures in these financial statements.

2.3 Consolidation

The Company and its subsidiary form a small group. The Company is therefore not required to produce consolidated financial statements and has not done so. These financial statements present information about the Company as a single entity.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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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.

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

2. Accounting policies (continued)

2.5 Revenue

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

Sale of goods

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

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

2.6 Operating leases: the Company as lessee

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

2.7 Dividends on preference shares

Under FRS 102, a provision should be made in full for dividends payable on preference shares. The current accounting policy is for cumulative unpaid dividends on preference shares to only be recognised as liabilities when the Company has the prospect of having sufficient distributable reserves to facilitate their payment within the foreseeable future. The parent entity has given written representations stating there is no intent to collect these dividends. The directors, acknowledge this is a departure from the standard under FRS102 and believe this is necessary in order to give a true and fair view of the financial statements. The directors do not consider there to be any distributable reserves for the foreseeable future and therefore think this is the most appropriate policy. See note 14 for the preference share disclosure.

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

2. Accounting policies (continued)

2.8 Current and deferred taxation

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

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

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

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

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

2.9 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:

Computer equipment	- 3 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 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.

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2.13 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.

2.14 Financial instruments

The Company has elected to apply the provisions of Section 11 “Basic Financial Instruments” of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

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

2. Accounting policies (continued)

2.14 Financial instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are

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

2. Accounting policies (continued)

2.14 Financial instruments (continued)

settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

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

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means the actual outcomes could differ from those estimates.

The deferred tax asset recognised is a material accounting estimate, calculated as the projected utilisation of brought forward tax losses against probable future profit.

Bad Debt provision is recognised as a material accounting estimate. The recoverability of the trade debtors has been assessed at year end and up until the date of signing the financial statements.

4. Employees

The average monthly number of employees, including directors, during the year was 6 (2022 - 6).

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

5. Tangible fixed assets

**Plant and
machinery etc**
£

Cost or valuation

At 1 January 2023 **5,023**

At 31 December 2023 **5,023**

Depreciation

At 1 January 2023 **3,677**

Charge for the year on owned assets **642**

At 31 December 2023 **4,319**

Net book value

At 31 December 2023 **704**

At 31 December 2022 **1,346**

6. Fixed asset investments

**Share in group
undertakings and
participating
interests**
£

Cost or valuation

At 1 January 2023 **720,000**

At 31 December 2023 **720,000**

7. Debtors

	2023 £	2022 £
Trade debtors	95,490	116,685
Amounts owed by group undertakings	332,960	215,293
Prepayments and accrued income	9,174	7,021
Deferred taxation	49,000	20,000
	<u>486,624</u>	<u>358,999</u>

8. Cash at bank and in hand

	2023 £	2022 £
Cash at bank and in hand	175,450	136,137
	<u>175,450</u>	<u>136,137</u>

9. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	15,026	4,467
Amounts owed to group undertakings	16,769	-
Other taxation and social security	31,559	17,496
Accruals and deferred income	35,552	21,316
	<u>98,906</u>	<u>43,279</u>

10. Creditors: amounts falling due after more than one year

	2023 £	2022 £
Share capital treated as debt	2,668,000	2,668,000
	<u>2,668,000</u>	<u>2,668,000</u>

PERLE SYSTEMS EUROPE LIMITED

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

11. Deferred taxation

	2023 £
At beginning of year	20,000
Charged to profit or loss	29,000
At end of year	<u>49,000</u>

The deferred tax asset is made up as follows:

	2023 £	2022 £
Tax losses carried forward	49,000	20,000
	<u>49,000</u>	<u>20,000</u>

The deferred tax asset is regarded as due in more than one year with the exception of £16,244 which relates to the expected net reversal of timing differences within the next 12 months.

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

12. Share capital

	2023 £	2022 £
Shares classified as equity		
Allotted, called up and fully paid		
2 (2022 - 2) Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>
	2023 £	2022 £
Shares classified as debt		
Allotted, called up and fully paid		
2,668,000 (2022 - 2,668,000) Preference shares of £1.00 each	<u>2,668,000</u>	<u>2,668,000</u>

The rights attached to the 5% Cumulative Redeemable Preference Shares of £1 each are as follows:

- Holders are entitled to receive any dividend payment in priority over any other class of shares;
- Holders are entitled to a repayment of capital in priority over any other class of shares on a winding up;
- Holders are entitled to one vote at a general meeting only if there is a proposed resolution for winding up the company or varying the voting rights of the preference shares;
- Shares can be redeemed at par in full or part at the option of the Company;
- Shares can be converted into ordinary shares at the option of the holders of the preference shares.

The cumulative preference dividend arrears of £2,991,400 (2022: £2,858,000) have not been provided for on the grounds that the company does not have sufficient distributable reserves and is not likely to for the foreseeable future.

13. Reserves

Profit & loss account

The balance in the profit and loss account represents the total distributable reserves of the Company. However, as there are no positive reserves no distribution is permissible.

14. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	<u>14,896</u>	<u>12,760</u>
	<u>14,896</u>	<u>12,760</u>

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

15. Related party transactions

At the year end the following balances were outstanding with other companies in the group:

	2023 £	<i>2022</i> <i>£</i>
Perle Systems GmbH	-	-
Perle Systems Limited	332,961	<i>215,292</i>
Perle Systems S.A.R.L	(16,770)	-
	<u>316,191</u>	<u><i>215,292</i></u>

Perle Systems Europe Limited is a wholly owned subsidiary of Perle Systems Limited and has taken advantage of the exemption from disclosing intra-group transactions as permitted by FRS 102 1AC.35.

The parent of the smallest group for which consolidated financial statements are prepared is the group headed by Perle Systems Limited (incorporated in Canada).

Registered address:

60 Renfew Drive
Markham
Ontario
L3R 0E1
Canada

16. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2023 was unqualified.

The audit report was signed on 31 January 2024 by Elizabeth Wicks (Senior Statutory Auditor) on behalf of WMT.