Registered number: 03064044

COMTEC GROUP (INTERNATIONAL) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

COMTEC GROUP (INTERNATIONAL) LIMITED

COMPANY INFORMATION

Directors	J T Archer J S Buck D Conway
Company secretary	R Tamburrini
Registered number	03064044
Registered office	Cardinal Way Cardinal Distribution Park Godmanchester Huntingdon PE29 2XN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

BUSINESS REVIEW

Introduction

The principal activity of the Group is the supply of IP Infrastructure materials and equipment to the data and telecom's markets. There are two strands to our approach, firstly via a standard Distribution Model meeting the day to day needs of installers (communicating online, and by phone or email) and secondly, via a Managed Services proposition, where we handle a customer's complete supply chain requirements, including specifying, sourcing and provisioning.

We see our method of operating continuing in this way, albeit Comtec are now part of a larger group following the acquisition of Comtec Group (International) Limited by Financiere LCCIS SAS (part of ETC Group) in July 2020. We currently operate in several locations which include the UK, Qatar, Oman, UAE and Hong Kong.

Following its sale to ETC, Comtec is already moving forward on several large customer projects and reviewing where we can leverage ETC's spending power. We have recruited additional expertise in the FTTX market where the combined resources of ETC and Comtec are looking to achieve significant growth.

The FTTX focus aside, the directors are not aware, at the date of the report, of any likely changes in the Group's general activities in the forthcoming year.

Results and performance

As shown in the statement of comprehensive income on page 13, the turnover for the year ended 31 December 2020 was £61.5 million compared to £71.5 million in the prior year.

The Group saw sales decrease by c.14% in the Enterprise market space, largely attributable to the Pandemic and its impact on business, whilst Carrier market sales were flat despite the restrictions affecting other areas.

Our Managed Service business (focus) is well placed to meet the growing demands of our local market to build fibre rich nationwide networks, with the new Altnets (Alternative Network Carriers). We have recently completed a review of our resources to ensure we are structured in the best way to capitalise on the opportunities and significant investment in the FTTX market.

While our Distribution business has had to face aggressive positioning in recent years, we continue to invest in the space to ensure we are positioned at the top end of the market. We continue to look at adding other major brands to establish us as the 'go-to' option for customers.

Operating Profit of £2.7 million for the year ended 31 December 2020 compares with £3.6 million in the prior year. At 4.4% of sales this remains below our target of 5% but we do see this lifting as the market matures. Administrative expenses although lower at £9.6 million for the year ended 31 December 2020, were higher as a percentage of sales in the year.

On average our business has seen year on year growth in sales of c.18% per annum over the past 5 years. We attribute this to our focus on creating an organisation whose proposition reflects the needs of our customers, large or small, and our ability to quickly refocus resource where we see new opportunity or changes in the market.

The Consolidated Statement of Financial Position on page 14 shows the Group's financial position at the year end.

Business environment

While UK markets continue to be apprehensive due to Covid-19 and post Brexit, we are fortunate to be able to take advantage of new opportunities. Similarly, the Middle East and Far East are areas also potentially impacted by the global pandemic and in addition, the MENA region has potential for challenging political events. Even with these considerations, we continue to achieve a strong long-term funnel of business.

BUSINESS MODEL

Operational

Our overall strategy has been to build on the work streams of recent years which have largely focused on improving efficiencies and the motivation of the Comtec team.

Like most growing organisations, we face operational challenges as we grow and have up to now largely overmanned as a means of ensuring customer service is not affected. We are now much more engaged in how we go about ensuring maximum efficiency in everything we do and we are confident that the restructuring (July 2020) largely around the shape and skillset of the external sales team has resulted in being more focused to deliver an exceptional service to our current and future customers in all sectors of the market.

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

Commercial

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

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

In both service areas the Group is now ranked in the upper tier of the market in the UK and has more recently seen considerable success in taking this proposition to other geographical markets.

Financial KPI's for the Group are turnover £61.5 million this year compared to £71.5 million in the prior year and gross profit margin of 19.3% this year and 19.6% in the prior year. Management accounts are prepared to monitor these KPI's monthly.

The 2020 results demonstrate that we achieved an operating margin of c. 4% by driving efficiency through scale.

As referred to earlier, on average the business has grown by 18% per annum over the last 5 years, some of which was delivered through acquisition in addition to organic growth.

Following acquisition by ETC Group, we aspire to continue this record of success.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

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

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

Cash flow (liquidity risk)

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

The business provides detailed monthly management accounts to parties with a vested interest in the business including Lloyds Bank PLC. We also operate a central treasury function to control funds across the Group.

Credit risk

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

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

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

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

Liquidity risk

To maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the group operates a centralised treasury function and confidential invoice discounting (CID) facility that allows Comtec Cable Accessories Limited, a wholly owned subsidiary, to receive advances of funds against outstanding sales invoices.

Price risk

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

Currency & commodity risk

Group exposure to currency and commodity risk includes the revaluation of overseas operations at the relevant exchange rate and changes in trade payables and receivables because of exchange rate movements. Daily exchange rate movements are monitored, and any losses or gains are reported in the Group's internal management information. Consideration is given to utilizing financial instruments such as hedging and forward purchase contracts. No such instruments are currently in place and none were in place during 2020.

Future prospects

The Directors believe that the UK communication industry will continue to grow strongly through 2021/2022 due to the demand for mobile and broadband services. The Group's export markets will also benefit from further growth given our investment in our international presence particularly in the MENA region. The growth we are seeing in Oman compensates for the slight tailing off of business in Qatar.

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

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

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE GROUP

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

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

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

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

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

IMPACT OF BREXIT

The business has not been materially impacted by Brexit concerns, but senior management continue to monitor newsfeed on the subject. Having prepared ourselves prior to the exit date by engaging with our business partners including customers, freight forwarders and others part of the supply chain, we have managed to avoid any significant disruption to our operations. It is to the credit of our experienced logistics and warehouse teams that we have been able to counter any issues presented and continue to be confident in addressing further challenges as a result of Brexit.

RESPONSE TO COVID-19

The Company has ensured that measures put in place at the start of the Covid-19 pandemic have been maintained. This has enabled the business to work through the crisis, continuing to deliver our customers' needs, support our employees and keep health and safety at the forefront of our plans.

As we enter the start of the third quarter of trading for 2021, we are preparing to adjust our initiatives and planning the return of certain staff to our offices, specifically those who would benefit from the collaboration which has been difficult to maintain with staff working remotely. We will of course be adhering to government guidance as part of our planning. The support of our staff throughout this difficult period has been immense and it is credit to their dedication and continued efforts that we emerge from this difficult period strong and well positioned to take advantage of new opportunities and continue to deliver long-term sustainable growth.

This report was approved by the board on 22/7/2021 and signed on its behalf.

J T Archer
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2020.

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2.1m *(2019: £2.9m).*

During the year a dividend of £Nil was paid *(2019: £7,000).*

DIRECTORS

The directors who served during the year were:

J T Archer
J S Buck
D Conway

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 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.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's UK greenhouse gas (GHG) emissions and energy consumption for the year were as follows:

	2020
Energy use from gas (kWh)	98,586
Energy use from transport (kWh)	243,529
Energy use from purchased electricity (kWh)	285,294
Total Energy use (kWh)	**627,409**
Scope 1 GHG (kg CO2e) – Direct emissions (gas and transport)	91,374
Scope 2 GHG (kg CO2e) – Indirect emissions (electricity – location based)	65,914
Total GHG (kg CO2e)	**157,288**
Intensity Ratio (kg CO2e per £'000 UK revenue)	**3.08**

The key inputs in calculating the figures above were utility bills for gas/electricity and business mileage for fleet vehicles, which were converted to kg CO2e using conversion factors provided by the Department of Business, Energy and Industrial Strategy in their "Greenhouse gas reporting: conversion factors 2020" dataset. The methodology for the reporting of GHG emissions follows the GHG Protocol standards and guidance.

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

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

More recently, we have updated the Group policy on vehicle selection for its small fleet of leased vehicles, setting a cap on permissible CO2 emissions, thereby reducing our use of fossil fuel vehicles. As current vehicle leases expire, they will be replaced with cleaner alternatives. Currently, 87% of our leased vehicles are either fully electric or Hybrid.

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 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.

This report was approved by the board on 22/7/2021 and signed on its behalf.

J T Archer
Director

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMTEC GROUP (INTERNATIONAL) LIMITED

OPINION

We have audited the financial statements of Comtec Group (International) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, 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 31 December 2020 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 or the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMTEC GROUP (INTERNATIONAL) LIMITED (CONTINUED)

CONCLUSIONS RELATING TO GOING CONCERN (CONTINUED)

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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 MATTER 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.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMTEC GROUP (INTERNATIONAL) LIMITED (CONTINUED)

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the Group or 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.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, the directors are responsible for assessing the 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. This description forms part of our Auditor's report.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMTEC GROUP (INTERNATIONAL) LIMITED (CONTINUED)

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We determined that the following laws and regulations were most significant: UK GAAP (FRS102), Companies Act 2006 and the relevant tax compliance regulations in the jurisdictions in which the Company operates.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management. We corroborated our inquiries through our review of board minutes.
- We enquired of management, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated this through our review of professional fees incurred during the year;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud:
  - challenging assumptions and judgements made by management in making its significant accounting estimates;
  - identifying and testing journal entries, in particular any large or unusual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
  - assessing the extent of compliance with certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity/regulated entity including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules, the applicable statutory provisions.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMTEC GROUP (INTERNATIONAL) LIMITED (CONTINUED)

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD (CONTINUED)

- The company's management has not noted any matters of non-compliance with laws and regulations or fraud that were communicated with the audit team.
- We completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

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.

Grant Thornton UK LLP

Paul Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
Date: 22/7/2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	*2019 £000*
Turnover	4	**61,502**	*71,520*
Cost of sales		**(49,642)**	*(57,474)*
Gross profit		**11,860**	*14,046*
Administrative expenses		**(9,651)**	*(10,400)*
Other operating income	5	**488**	*3*
Operating profit	6	**2,697**	*3,649*
Interest receivable and similar income		**10**	*-*
Interest payable and expenses	10	**(140)**	*(308)*
Profit before taxation		**2,567**	*3,341*
Tax on profit	11	**(436)**	*(487)*
Profit for the financial year		**2,131**	*2,854*
Exchange differences on translation of foreign operations		**(185)**	*(330)*
Total comprehensive income for the year		**1,946**	*2,524*

The notes on pages 20 to 45 form part of these financial statements.

COMTEC GROUP (INTERNATIONAL) LIMITED
REGISTERED NUMBER:03064044

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note		2020 £000		*2019 £000*
Fixed assets					
Intangible assets	12		**817**		*970*
Tangible assets	13		**772**		*1,269*
Investments	14		**36**		*36*
			1,625		*2,275*
Current assets					
Stocks	15	**13,905**		*12,878*	
Debtors: amounts falling due after more than one year	16	**77**		*65*	
Debtors: amounts falling due within one year	16	**13,009**		*11,345*	
Cash at bank and in hand	17	**1,735**		*2,882*	
		28,726		*27,170*	
Creditors: amounts falling due within one year	18	**(18,103)**		*(18,690)*	
Net current assets			**10,623**		*8,480*
Total assets less current liabilities			**12,248**		*10,755*
Creditors: amounts falling due after more than one year	19		**(47)**		*(463)*
Provisions for liabilities					
Provision for other liabilities	23	**(522)**		*(509)*	
Net assets			**11,679**		*9,783*
Capital and reserves					
Called up share capital	24		**160**		*210*
Share premium account	25		**1,215**		*1,215*
Capital redemption reserve	25		**228**		*178*
Profit and loss account	25		**10,076**		*8,180*
			11,679		*9,783*

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

J T Archer
Director
22/7/2021

The notes on pages 20 to 45 form part of these financial statements.

COMTEC GROUP (INTERNATIONAL) LIMITED
REGISTERED NUMBER:03064044

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £000		*As restated 2019 £000*
Fixed assets					
Investments	14		**4,152**		*4,152*
			4,152		*4,152*
Current assets					
Debtors: amounts falling due within one year	16	**67**		*47*	
		67		*47*	
Creditors: amounts falling due within one year	18	**(1,209)**		*(1,439)*	
Net current liabilities			**(1,142)**		*(1,392)*
Total assets less current liabilities			**3,010**		*2,760*
Net assets			**3,010**		*2,760*
Capital and reserves					
Called up share capital	24		**160**		*210*
Share premium account	25		**1,215**		*1,215*
Capital redemption reserve	25		**228**		*178*
Profit and loss account	25		**1,407**		*1,157*
			3,010		*2,760*

The company has taken advantage of the exemption provided by section 408 of the Companies Act 2006 not to present a Company Statement of Comprehensive Income. The company's profit for the financial year was £300,000 *(2019: £20,000)*.

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

J T Archer
Director
22/7/2021

The notes on pages 20 to 45 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	210	1,215	178	8,180	9,783
Comprehensive income for the year					
Profit for the year	-	-	-	2,131	2,131
Currency translation differences	-	-	-	(185)	(185)
Total comprehensive income for the year	-	-	-	1,946	1,946
Transfer on cancellation of shares	-	-	50	(50)	-
Repurchase and cancellation of shares	(50)	-	-	-	(50)
At 31 December 2020	160	1,215	228	10,076	11,679

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	210	1,215	178	5,663	7,266
Comprehensive income for the year					
Profit for the year	-	-	-	2,854	2,854
Currency translation differences	-	-	-	(330)	(330)
Total comprehensive income for the year	-	-	-	2,524	2,524
Dividends	-	-	-	(7)	(7)
At 31 December 2019	210	1,215	178	8,180	9,783

The notes on pages 20 to 45 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account (Restated)	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020 (as previously stated)	210	1,215	178	1,124	2,727
Prior year adjustment (Note 26)	-	-	-	33	33
At 1 January 2020 (as restated)	210	1,215	178	1,157	2,760
Comprehensive income for the year					
Profit for the year	-	-	-	300	300
Total comprehensive income for the year	-	-	-	300	300
Transfer on cancellation of shares	-	-	50	(50)	-
Repurchase and cancellation of shares	(50)	-	-	-	(50)
At 31 December 2020	160	1,215	228	1,407	3,010

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Capital redemption reserve (Restated)	Profit and loss account (Restated)	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019 (as previously stated)	210	1,215	178	1,111	2,714
Prior year adjustment	-	-	-	33	33
At 1 January 2019 (as restated)	210	1,215	178	1,144	2,747
Comprehensive income for the year					
Profit for the year	-	-	-	20	20
Total comprehensive income for the year	-	-	-	20	20
Dividends	-	-	-	(7)	(7)
At 31 December 2018 (restated)	210	1,215	178	1,157	2,760

The notes on pages 20 to 45 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000	*2019 £000*
Cash flows from operating activities		
Profit for the financial year	**2,131**	*2,854*
Adjustments for:		
Amortisation of intangible assets	**200**	*202*
Depreciation of tangible assets	**650**	*256*
Interest paid	**140**	*308*
Interest received	**(10)**	*-*
Taxation charge	**436**	*487*
(Increase) in stocks	**(1,027)**	*(2,314)*
(Increase)/decrease in debtors	**(1,844)**	*768*
Increase/(decrease) in creditors	**675**	*(1,861)*
Corporation tax (paid)	**(289)**	*(440)*
Net cash generated from operating activities	**1,062**	*260*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(49)**	*(77)*
Purchase of tangible fixed assets	**(169)**	*(478)*
Sale of tangible fixed assets	**19**	*11*
Payment of deferred consideration	**-**	*(665)*
Net cash from investing activities	**(199)**	*(1,209)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000	*2019* *£000*
Cash flows from financing activities		
Repayment of loans	**(115)**	*(74)*
Repayment of/new finance leases	**-**	*(49)*
Dividends paid	**-**	*(7)*
Interest paid	**(140)**	*(247)*
Repurchase of own shares	**(50)**	-
Interest received	**10**	-
Net cash used in financing activities	**(295)**	*(377)*
Net increase/(decrease) in cash and cash equivalents	**568**	*(1,326)*
Cash and cash equivalents at beginning of year	**(1,848)**	*(522)*
Exchange gains / (losses) on cash and cash equivalents	**(161)**	-
Cash and cash equivalents at the end of year	**(1,441)**	*(1,848)*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,735**	*2,882*
Bank overdrafts	**(3,176)**	*(4,730)*
	(1,441)	*(1,848)*

The notes on pages 20 to 45 form part of these financial statements.

1. GENERAL INFORMATION

Comtec Group (International) Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Cardinal Way, Cardinal Distribution Park, Godmanchester, Huntingdon, PE29 2XN. The Group's principal activity continued to be the supply of IP infrastructure materials and equipment to the data and telecom markets.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

Certain comparative amounts in the statement of financial position have been restated as a result of a correction of a prior-period error (see Note 27) for further details.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements

The following principal accounting policies have been applied:

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 Statement of Financial Position, 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.

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

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

As highlighted in note 18 to the financial statements, the Group is funded on a day to day basis through a confidential discounting facility which has no fixed renewal date but is subject to termination with six months' notice by either party. The current economic conditions create uncertainty over the level of sales and the cost of certain products due to the fluctuations in the exchange rate between sterling, US dollar and the Euro. As mentioned in the Strategic Report management monitor these fluctuations.

COVID-19 has impacted the Group's sales and operations during 2020 and is expected to have some further impact into 2021. However, costs are being carefully monitored and savings made where possible to preserve cash. The Group has taken advantage of the UK Government's Coronavirus Job Retention Scheme.

There is always an uncertainty when preparing business forecasts, and the directors recognise that the COVID-19 pandemic potentially increases the level of uncertainty when preparing cashflow and trading forecasts. However, given the current trading results of the business, the success of the business in adapting its operations to meet the new social distancing and other health and safety requirements and the commencement of the lifting of restrictions on movement by the UK Government, the directors do not believe that uncertainty to be material or cast significant doubt over the Company's ability to continue to trade or meet its liabilities as they fall due. Accordingly, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. It is stated at the fair value of the consideration receivable, net of value added tax and discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, usually on shipment of the goods.

Revenue from a contract to provide managed services is recognised at a point in time, when the services are provided to the customer.

2. ACCOUNTING POLICIES (continued)

2.5 INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis over its useful economic life.

Negative goodwill is written back to the profit and loss account to match the recovery of the assets acquired.

Other intangible assets

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

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software development costs	-	3 to 5 years
Goodwill	-	10 years

Amortisation is included in 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

2.6 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.

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

2. ACCOUNTING POLICIES (continued)

2.6 TANGIBLE FIXED ASSETS (continued)

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 improvements	-	10% or life of lease
Plant, machinery and hire equipment	-	10% to 20%
Motor vehicles	-	25%
Office equipment, fixtures and fittings	-	20% to 33.3%

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 Consolidated Statement of Comprehensive Income.

2.7 VALUATION OF INVESTMENTS

Investments in subsidiaries, associates and share holdings of less than 20% where significant control is not held by the Group are measured at cost less accumulated impairment

2.8 STOCKS

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price. The impairment loss is recognised immediately in profit or loss.

2.9 DEBTORS

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

2.10 GOVERNMENT GRANTS

Grants are accounted for under the accruals model as permitted by FRS 102. Due to the covid-19 pandemic, the business utilised the furlough scheme whereby the Government contributed towards the wage costs of the business. The amounts received are reported as other operating income in the financial statements. The income is reported in the period that the relief relates to.

2. ACCOUNTING POLICIES (continued)

2.11 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.

2.12 FINANCIAL INSTRUMENTS

The Group 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.

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.

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.

2.13 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. ACCOUNTING POLICIES (continued)

2.14 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP sterling (£), which is the functional currency of the Group.

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 Consolidated 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 Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at average rates. All assets and liabilities of overseas operations are translated at the rate ruling at the Statement of Financial Position 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

2.15 FINANCE COSTS

Finance costs are charged to Consolidated 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.

2.16 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. ACCOUNTING POLICIES (continued)

2.17 OPERATING LEASES

Rentals paid under operating leases are charged to profit or loss 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.

2.18 FINANCE LEASES

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over 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.

2.19 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 Consolidated 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 Group in independently administered funds.

2.20 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.

2.21 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 Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

2. ACCOUNTING POLICIES (continued)

2.22 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in Consolidated 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 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 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;
- 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 reporting date.

3. JUDGEMENTS 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:

Stock provision

Management performed a detailed review of the stock listing on a line by line basis and included a stock provision totalling £586,000 as at 31 December 2020 *(2019: £594,000)* for slow moving and obsolete stock based on their knowledge of the stock lines.

Aged debts

Management have included an aged debt provision within the financial statements as at 31 December 2020 after reviewing each trade debtor outstanding at the year end identifying those where known issues exist. The provision totalled £329,000 as at 31 December 2020 *(2019: £485,000)*.

4. TURNOVER

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

	2020 £000	2019 £000
Sale of goods	61,442	71,483
Managed services	60	37
	61,502	71,520

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	51,120	56,758
Middle East	7,853	11,613
Far East	2,178	2,851
Rest of the World	350	298
	61,501	71,520

5. OTHER OPERATING INCOME

	2020 £000	2019 £000
Grant income	488	3

6. OPERATING PROFIT

The operating profit is stated after charging:

	2020 £000	*2019 £000*
Depreciation of owned tangible fixed assets	**616**	*227*
Depreciation of finance leased tangible fixed assets	**34**	*29*
Profit on disposal of fixed assets	**(3)**	*-*
Amortisation of intangible assets, including goodwill	**200**	*202*
Exchange differences	**(178)**	*(443)*
Operating lease rentals:		
Land and buildings	**715**	*687*
Other	**191**	*159*

7. AUDITOR'S REMUNERATION

	2020 £000	*2019 £000*
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**75**	*69*

Fees payable to the Group's auditor and its associates in respect of:

Tax compliance services	**10**	*9*
All other services	**-**	*11*

8. EMPLOYEES

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

	2020 £000	*2019 £000*
Wages and salaries	**4,759**	*5,466*
Social security costs	**388**	*505*
Cost of defined contribution scheme	**54**	*124*
Redundancy costs	**293**	*-*
	5,494	*6,095*

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

	2020 No.	*2019 No.*
Management	**14**	*13*
Sales	**48**	*68*
Warehousing and shipping	**41**	*47*
Administration	**76**	*52*
	179	*180*

9. DIRECTORS' REMUNERATION

	2020 £000	*2019 £000*
Directors' emoluments	**(89)**	*582*
Company contribution to defined contribution pension schemes	**5**	*5*
	(84)	*587*

During the year retirement benefits were accruing to 1 directors *(2019: 1)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £79,000 *(2019: £237,000)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,000 *(2019: £Nil)*.

Directors remuneration includes a credit of £482,000 arising from the release of unpaid bonus accruals from previous years that were waived in the year.

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £000	*2019* *£000*
Bank interest payable	125	*247*
Unwind of discount on provisions	13	*12*
Other interest payable	2	*-*
Interest on preference shares	-	*49*
	140	*308*

11. TAXATION

	2020 £000	*2019* *£000*
CORPORATION TAX		
Current tax on profits for the year	498	*421*
Adjustments in respect of previous periods	(204)	*(81)*
	294	*340*
FOREIGN TAX		
Foreign tax on income for the year	91	*143*
	91	*143*
TOTAL CURRENT TAX	385	*483*
DEFERRED TAX		
Origination and reversal of timing differences	(39)	*28*
Adjustment in respect of prior periods	90	*(11)*
Impact of change in tax rate	-	*(13)*
TOTAL DEFERRED TAX	51	*4*
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	436	*487*

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2019: lower than)* the standard rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below:

	2020 £000	*2019* *£000*
Profit on ordinary activities before tax	**2,567**	*3,341*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2019: 19%)*	**488**	*635*
EFFECTS OF:		
Expenses not deductible for tax purposes	**11**	*56*
Fixed asset ineligible depreciation/ amortisation	**85**	*51*
Impact of oversea tax rates	**(91)**	*(143)*
Impact of change in rate of deferred tax	**-**	*(13)*
Adjustments to tax charge in respect of previous periods	**(204)**	*(81)*
Adjustments to deferred tax charge in respect of prior periods	**90**	*(11)*
Income not subject to tax	**57**	*(7)*
TOTAL TAX CHARGE FOR THE YEAR	**436**	*487*

12. INTANGIBLE ASSETS

Group

	Software £000	Goodwill £000	Negative goodwill £000	Total £000
COST				
At 1 January 2020	393	4,246	(26)	4,613
Additions	47	-	-	47
At 31 December 2020	440	4,246	(26)	4,660
AMORTISATION				
At 1 January 2020	259	3,410	(26)	3,643
Charge for the year on owned assets	89	111	-	200
At 31 December 2020	348	3,521	(26)	3,843
NET BOOK VALUE				
At 31 December 2020	92	725	-	817
At 31 December 2019	*134*	*836*	*-*	*970*

13. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements £000	Plant, machinery and hire equipment £000	Motor vehicles £000	Office equipment fixtures and fittings £000	Total £000
COST					
At 1 January 2020	578	298	62	847	1,785
Additions	1	15	26	127	169
Disposals	-	-	(41)	(2)	(43)
At 31 December 2020	579	313	47	972	1,911
DEPRECIATION					
At 1 January 2020	85	71	20	340	516
Charge for the year on owned assets	405	34	19	192	650
Disposals	-	-	(26)	(1)	(27)
At 31 December 2020	490	105	13	531	1,139
NET BOOK VALUE					
At 31 December 2020	89	208	34	441	772
At 31 December 2019	*493*	*227*	*42*	*507*	*1,269*

The net book value of tangible fixed assets, office equipment fixtures and fittings includes an amount of £96,000 *(2019: £130,000)* in respect of assets held under finance leases and hire purchase contracts. Depreciation on these assets is £34,000 *(2019: £29,000)*.

14. FIXED ASSET INVESTMENTS

Group

	Investments £000
COST	
At 1 January 2020	**36**
At 31 December 2020	**36**
NET BOOK VALUE	
At 31 December 2020	**36**
At 31 December 2019	*36*

Company

	Investments in subsidiary companies £000
COST	
At 1 January 2020 (as previously stated)	**3,609**
Prior Year Adjustment	**543**
At 1 January 2020 (as restated)	**4,152**
At 31 December 2020	**4,152**
NET BOOK VALUE	
At 31 December 2020	**4,152**
At 31 December 2019 (as restated)	*4,152*

14. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Comtec Cable Accessories Limited	England	Distribution of telecommunications installation equipment.	Ordinary	100%
Comtec Qatar W.L.L	State of Qatar	Distribution of telecommunications installation equipment.	Ordinary	100%
Wadsworth Limited*	England	Distribution of telecommunications installation equipment.	Ordinary	100%
Comtec (Hong Kong) Limited	Hong Kong	Distribution of telecommunications installation equipment.	Ordinary	100%
Nexxia Designs Limited*	England	Distribution of telecommunications installation equipment.	Ordinary	100%
Cablelines (2019) Limited	England	Distribution of telecommunications installation equipment.	Ordinary	100%
Comtec LLC	Oman	Distribution of telecommunications installation equipment.	Ordinary	100%
Comtec LLC	United Arab Emirates	Distribution of telecommunications installation equipment.	Ordinary	100%

The Company has guaranteed the liabilities of Wadsworth Limited, Nexxia Designs Limited and Cablelines (2019) Limited, all incorporated in England and Wales, in order that they qualify for the exemption from audit under 479A of the Companies Act 2006 in respect of the year ended 31 December 2020.

15. STOCKS

	Group 2020 £000	*Group 2019 £000*
Finished goods and goods for resale	**13,905**	*12,878*

There is no significant difference between the replacement cost of stocks and its carrying amount.

An impairment loss of £12,000 *(2019: £139,000)* was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

The company had no inventories at 31 December 2020 *(2019: £Nil)*.

16. DEBTORS

	Group 2020 £000	*Group 2019 £000*	**Company 2020 £000**	*Company 2019 £000*
DUE AFTER MORE THAN ONE YEAR				
Other debtors	**77**	*65*	-	-

Other debtors relates to rental deposits due to be refunded at the end of the lease term.

	Group 2020 £000	*Group 2019 £000*	**Company 2020 £000**	*Company 2019 £000*
DUE WITHIN ONE YEAR				
Trade debtors	**12,113**	*10,566*	-	-
Amounts owed by parent undertakings	**250**	-	-	-
Other debtors	**343**	*336*	**67**	*47*
Prepayments and accrued income	**258**	*346*	-	-
Deferred taxation	**45**	*97*	-	-
	13,009	*11,345*	**67**	*47*

An impairment loss of £156,000 *(2019: £220,000)* was recognised in the profit or loss during the year, and a provision of £329,000 *(2019: £485,000)* is set against trade debtors above.

Additionally, included in trade debtors is an amount of £2,622,000 *(2019: £4,730,000)* the legal title of which is owned by Lloyds Bank Commercial Finance Limited under a confidential invoice discounting (CID) facility (note 18).

Included in Other debtors is an amount of £Nil *(2019: £162,000)* relating to a loan receivable from a director (see note).

17. CASH AND CASH EQUIVALENTS

	Group 2020 £000	*Group 2019 £000*
Cash at bank and in hand	**1,735**	*2,882*

18. CREDITORS: Amounts falling due within one year

	Group 2020 £000	*Group 2019 £000*	**Company 2020 £000**	*Company 2019 £000*
Confidential invoice discounting facility	**3,176**	*4,730*	**-**	*-*
Bank loans	**75**	*73*	**-**	*-*
Trade creditors	**10,353**	*10,102*	**-**	*-*
Amounts owed to group undertakings	**-**	*-*	**1,209**	*1,390*
Corporation tax	**420**	*337*	**-**	*-*
Other taxation and social security	**2,020**	*945*	**-**	*-*
Finance leases	**23**	*54*	**-**	*-*
Other creditors	**-**	*49*	**-**	*49*
Accruals and deferred income	**2,036**	*2,400*	**-**	*-*
	18,103	*18,690*	**1,209**	*1,439*

The confidential invoice discounting ("CID") facility and asset lending facility is secured by a fixed and floating charge over assets of the Group and is drawn against the trade debtors of the Group. Bank facilities are secured by a standard bank debenture and unlimited cross guarantees.

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

19. CREDITORS: Amounts falling due after more than one year

	Group 2020 £000	*Group 2019 £000*
Bank loans	**-**	*73*
Directors loans	**-**	*42*
Finance leases	**47**	*60*
Other creditors	**-**	*288*
	47	*463*

20. LOANS AND BORROWINGS

	Group 2020 £000	*Group 2019 £000*
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	**75**	*73*
Confidential invoice discounting facility	**3,176**	*4,730*
Finance leases	**23**	*54*
	3,274	*4,857*
AMOUNTS FALLING DUE BETWEEN 1-5 YEARS		
Bank loans	**-**	*73*
Directors loans (Note 31)	**-**	*42*
Finance leases	**47**	*60*
	47	*175*
	3,321	*5,032*

The bank loan is repayable in equal quarterly instalments over 3 years and will be fully repaid by December 2021. The loan accrue interest at 3 months LIBOR plus 2.50%.

21. FINANCE LEASES

Minimum lease payments under finance leases fall due as follows:

	Group 2020 £000	*Group 2019 £000*
Within one year	**30**	*55*
Between 1-5 years	**53**	*82*
Over 5 years	**-**	*-*
	83	*137*

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

22. DEFERRED TAXATION

Group

	2020 £000	*2019 £000*
At beginning of year	**97**	*101*
Charged to profit or loss	**(52)**	*(4)*
At end of year	**45**	*97*

The deferred tax asset is made up as follows:

	Group 2020 £000	*Group 2019 £000*
Accelerated capital allowances	**(61)**	*(60)*
Tax losses carried forward	**106**	*157*
	45	*97*

23. PROVISION FOR OTHER LIABILITIES

Group

	Dilapidation provision £000
At 1 January 2020	**509**
Unwind of discount	**13**
AT 31 DECEMBER 2020	**522**

The Group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

24. SHARE CAPITAL

	2020	2019
	£000	£000
Allotted, called up and fully paid		
160,014 *(2019: 210,014)* Ordinary shares of £1 each	**160**	*210*

Ordinary shares

On a redemption of share capital, the Company would pay the net proceeds to the ordinary shareholders. The ordinary shares carry one vote per share.

50,000 shares were cancelled and repurchased during the financial year.

25. RESERVES

Share capital

Share capital represents the nominal value of shares that have been issued.

Share premium account

Share premium includes all premiums received on issue of share capital. Transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

Capital redemption reserve is a non-distributable reserve that includes amounts following redemption or purchase of the Company's own shares.

Profit and loss account

Includes all current and prior periods retained profits and losses, less dividends paid.

26. ANALYSIS OF NET DEBT

	At 1 January 2020 £000	Cash flows £000	At 31 December 2020 £000
Cash at bank and in hand	**2,882**	**(1,147)**	**1,735**
Confidential invoice discounting	**(4,730)**	**1,554**	**(3,176)**
Bank loans	**(146)**	**71**	**(75)**
Directors loans	**(42)**	**42**	**-**
Finance leases	**(114)**	**44**	**(70)**
	(2,150)	**564**	**(1,586)**

27. PRIOR PERIOD ADJUSTMENT

The Company Statement of Financial Position at 31 December 2019 has been restated to record the cost of the Company's investment in Comtec (Hong Kong) Limited, Comtec Qatar W.L.L. and Comtec LLC (Oman). The effect is to record a cost of investment of £543k and a corresponding increase in amounts owed to group undertakings. There is an increase of £33k to the shareholder funds previously reported as at 1 Janaury 2019 and 31 December 2019. There is no impact on the profit previously reported for the year ended 31 December 2019.

28. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £54,000 *(2019: £124,000)*. Contributions totalling £22,000 *(2019: £82,000)* were payable to the fund at the reporting date and are included in creditors.

29. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £000	*Group 2019 £000*
Land and buildings		
Not later than 1 year	**383**	*543*
Later than 1 year and not later than 5 years	**177**	*618*
	560	*1,161*

	Group 2020 £000	*Group 2019 £000*
Plant and machinery		
Not later than 1 year	**160**	*138*
Later than 1 year and not later than 5 years	**100**	*152*
	260	*290*

30. CONTINGENT LIABILITIES

	2020 £000	*2019 £000*
Group		
Performance guarantees	241	*110*
Duty deferment guarantees	300	*90*
	541	*200*

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

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

The Group has provided unlimited guarantees in respect of the bank loans of its subsidiaries.

£Nil amounts have been provided in these financial statements in respect of guarantees above *(2019: £Nil)*.

As disclosed in note 14, some of the Company's subsidiaries have taken advantage of the exemption available under section 479A of the Companies Act in respect of their requirement for audit. As a condition of the exemption, the Company has guaranteed the year end liabilities of the subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year end was £Nil *(2019: £Nil)*.

31. RELATED PARTY TRANSACTIONS

	2020 £000	*2019 £000*
J T Archer (receivable)	-	*146*
J S Buck (payable)	-	*(42)*
	-	*104*

During 2019, Comtec Cable Accessories Limited advanced a loan of £146,200 to J T Archer, a director of Comtec Cable Accessories Limited, repayable within one to two years of the balance sheet date at the discretion of the director. No interest accrued on the loan. During 2020, £104,100 was advanced to J T Archer. Following the change in ownership of the immediate parent (Comtec Group (International) Limited), the directors' loan account was deemed to be repaid and a new loan advanced to Financlere LCCIS SAS (part of ETC Group) the loan on balance sheet date was £250,300

All directors and certain senior employees who have authority and responsibility for directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £422,000 (2019: £1,030,000).

32. FINANCIAL RISK MANAGEMENT

The Group has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure. To a lesser extent the Group is exposed to interest rate risk.

Foreign exchange transactional currency exposure

The Group is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts, currency loans or overdrafts.

Liquidity risk

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Group has credit facilities available. Given the maturity of the bank debt in note 20.

Customer credit exposure

The Group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The Group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. The risk is mitigated by the strong on-going customer relationships and by credit insurance.

Interest rate risk

The Group borrows from its bankers using either overdrafts, confidential invoice discounting or term loans whose tenure depends on the nature of the asset and managements view of the future direction of interest rate.

33. CONTROLLING PARTY

On 17 July 2020, Comtec Group (International) Limited was acquired by Financiere LCCIS SAS (part of ETC Group). The intermediate parent company is Financiere LCCIS SAS and the ultimate parent company is Telemachus Holding, both companies registered in France.