



Company registration number 02833057 (England and Wales)

**MULTITONE (UK) LIMITED**  
**ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

THURSDAY



\*ACIUPJJ4\*

A18

21/12/2023

#445

COMPANIES HOUSE

# MULTITONE (UK) LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	Ka Lim Liu Frank Rotthoff Edward Paterson So Ying Lam
<b>Company number</b>	02833057
<b>Registered office</b>	Multitone House Shortwood Copse Lane Kempshott Basingstoke RG23 7NL
<b>Auditor</b>	Moore Rutland House Minerva Business Park Lynch Wood Peterborough PE2 6PZ
<b>Solicitors</b>	Greenwoods GRM LLP Monkstone House City Road Peterborough PE1 1JY

---

# MULTITONE (UK) LIMITED

## CONTENTS

---

	<b>Page</b>
Strategic report	1 - 5
Directors' report	6 - 7
Independent auditor's report	8 - 10
Profit and loss account	11
Group statement of comprehensive income	12
Group balance sheet	13 - 14
Company balance sheet	15
Group statement of changes in equity	16
Company statement of changes in equity	17
Group statement of cash flows	18
Notes to the financial statements	19 - 39

---

# MULTITONE (UK) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2023

---

The directors present the strategic report for the year ended 30 June 2023.

#### **Review of the business**

The exclusive activity of Multitone (UK) Ltd is as a holding company for the group. The principal activity of the group is the design, manufacture and supply of integrated wireless communication systems and solutions for sale and lease. The 2022/23 trading year continued to benefit from the stability provided by sales to UK Healthcare and Emergency Services.

As we entered the 2022/23 trading period it was with optimism that the world economy would recover from the effects of the COVID pandemic. The impact of COVID lessened, but it was soon to be replaced by the impact of the War in the Ukraine, rises in energy costs and inflationary pressures leading to a cost of living crisis for many.

Despite the operational challenges we continued to invest in operations, particularly within R&D, Sales and Marketing to support the development of products that will give us a competitive advantage. Whilst some areas of the worldwide economy have suppressed business opportunities, our foothold in Public and Private Healthcare, and our development of smart products continues to provide opportunities.

The performance of the group continues to be a considerable achievement set against the backdrop of post COVID recovery, War in the Ukraine and the global economic climate.

Software solutions are becoming more important as the supporting technology improves in performance and the group is seeing a very gradual change from hardware to software. It is the view of the Board that this will remain as a gradual change as smart phones and the infrastructure that supports them are yet to provide reliable enough communication to support life critical messaging applications.

The full board meets half yearly and the executive board monthly in the interim, to discuss the performance of the business. Comparisons are made to the one year operational budget with any variances discussed and actions decided upon to ensure that the business continues to achieve or exceed its objectives.

#### **The Group's strategy and future developments**

Multitone's objectives are ones of sustainable growth within its current and new markets. Multitone will continue to invest in new product and market development, capitalising on its current position as a market leader in critical messaging. Multitone will continue to adapt and adopt emerging technologies as well as developing its own innovative products, aiming to be the first to market with reliable and robust solutions. The group is examining new geographical regions for its products in the coming months.

#### *Cloud messaging solutions*

The migration of our highly successful Multitone i-Message® critical messaging platform, to allow it to be provisioned from a Cloud computing instance has proven successful due to sales to public sector healthcare in the UK, and interest from other International markets. Multitone continues to utilise the AWS (Amazon Web Services) platform as an AWS Partner.

During the period under review the Multitone Messenger smartphone application was released to sales as an additional offering in the field of clinical collaboration.

The Multitone i-Message® platform will continue to be maintained and supported whilst R&D focus and investment shifts to our next generation Cloud microservices platform known as Multitone Aurora™.

#### *EkoTek® & MaBLE*

Continued development of Multitone's award winning EkoTek® personal security platform has led to an increase in sales in the UK within Mental Healthcare. Following the addition of a new vandal and ligature resistant call point device for the Mental Healthcare market, we are now in the process of developing an enhanced anti-vandal device with an increased IK rating in order to satisfy further market demands.

In addition to this Multitone has developed and integrated a wander alarm wristband solution for elderly and dementia patient care. MaBLE utilises Bluetooth Low Energy technology and is fully integrated with our EKOMS - EkoTek Management System reporting platform to alert EkoTek users when patient elopement occurs. This product was launched during the period under review and is a key part of our German subsidiary's sales focus.

# MULTITONE (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

---

#### *Multitone Aurora™*

Development effort continues on the Cloud optimised planned successor to the Multitone i-Message® platform. The first deliverable from the project is due in the forthcoming fiscal year, which will provide a device agnostic secure messaging and chat application supporting desktop, tablet and mobile devices. Additional phases of development have commenced to support features for Healthcare, Estate Management and Retail customers.

#### *Paging and the future - The Multitone Digital Alerter ("MDA")*

Whilst traditional paging continues to support the majority of our hardware device sales in the UK and internationally, there is a continued drive towards newer transmission technologies such as Wi-Fi and Bluetooth to support 2 way communication and message receipt acknowledgement.

#### **The development and performance of the Group's business during the year**

Even though the trading profit for the year saw a healthy positive number, the company's defined benefit pension scheme still presents a challenge and therefore the directors cannot recommend the payment of a dividend (2022:£nil). As a result, the profit for the year is transferred to reserves.

a) Main trends and factors likely to affect the future development, performance and position of the company's business

The detailed results for the year ended 30 June 2023 are set out in the consolidated profit and loss account on page 11. Turnover for the year was £13,203,000 (2022: £12,334,000) an increase of £869,000 or 7%, and the profit on ordinary activities before taxation was £694,000 (2022: £1,089,000) a 36% decrease. The profit for the financial year to 30 June 2023 after taxation was £703,000 (2022: £1,044,000), a decrease of 32%.

One of the group's key measures of effectiveness of its operations is calculating gross margin after direct cost of sales and distribution. The group achieved a margin after direct and distribution costs of 36.9% (2022: 38.8%).

The group's cash levels have increased by £63,000 from £9,166,000 at the 2022 year-end, to £9,229,000 at the end of the current financial year. Income is generated from the turnover of the business less expenditures made on its' operations, capital expenditure plus research and development costs.

Contributions to the company pension scheme were in the form of an asset backed contribution (ABC) using a Scottish Limited Partnership and the repayment plan agreed by The Pension Regulator.

b) Environmental matters (including the impact of the company's business on the environment), and carbon footprint

The company and its products comply with The Producer Responsibility Obligations (Packaging Waste) Regulations, The Waste Batteries and Accumulators Regulations, Restriction of Hazardous Substances (RoHS) requirements, Waste Electrical and Electronic Equipment (WEEE), and Control of Substances Hazardous to Health (CoSHH).

Additionally, Multitone operates a certified ISO14001 Environmental Management System in the UK. As an SME, Multitone is not required to report on its CO2 emissions however, as a subsidiary of a holding company that is quoted on the Hong Kong Stock exchange, we do supply our ESG (Environmental, social and governance) data to them and as a result still monitor how well the business performs in this regard.

The Board is pleased to report that it complies with the relevant legislation and regulations in respect to ESG matters and operates well within local and international guidelines.

# MULTITONE (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

---

c) Staff, including the number of persons of each sex who were employees of the company

(i) the number of persons of each sex who were directors of the company; Male 5, Female 1

(ii) the number of persons of each sex who were senior managers of the company (other than persons falling within sub-paragraph (i)); Male 8 Female 1

In the employment, training and advancement of disabled persons, Multitone is an equal opportunities employer that complies with the requirements of the Equality Act 2010. Disabled individuals are treated to the same rights and opportunities as able-bodied ones in every aspect of the company, recognising that it also has to comply with the Health and Safety at Work Act and not put any of its employees at risk.

Involvement of employees in the affairs, policy and performance of the company: Employees, supervisors, managers, senior managers and directors all work towards the sustainable growth of the business. Participation in the setting of annual budgets and making sure that they are achieved or exceeded is expected from all of Multitone's staff.

d) Social, community and human rights issues, including information about any policies of the company in relation to those matters and the effectiveness of those policies

(i) The Group upholds the highest standards of human rights.

(ii) The Group always obeys the laws and requirements of the countries in which it operates and follows the UK Foreign Office advice on permitted nations in which we can trade.

(iii) The Group also follows their advice on protecting our staff by not putting them at risk in countries that the Foreign Office has classified as unsafe for travel.

(iv) The Group complies with all of the current statutory and regulatory requirements in relation to the environment.

(v) The Group does not enter into any agreement with customers, suppliers, partners, dealerships or any other organisation that requires bribes, solicitation or extortion.

(vi) The Group will always comply with the taxation law of the country it is operating in.

(vii) The Group complies with the Modern Slavery Act 2015 and has included terms into its supply chain agreement.

#### **The position of the Group at the year end**

The group has net liabilities of £6,412,000 (2022: £5,247,000), however excluding the company defined benefit pension scheme the group has net liabilities of £7,262,000 (2022: £7,695,000).

The directors have carried out an impairment review of its assets at the end of the financial year. It has examined the carrying value of the major tangible and intangible assets and made references to open market valuations, market prices, economic indexes, professional opinion and ongoing profit generation. It is the Directors' view that there is no evidence that a permanent diminution in asset value has taken place and as such no adjustment has been made at this time. Formal valuation of the property owned by Multitone is scheduled to be completed every five years in line with FRS102. A valuation was undertaken on the investment property held by the group by SBT Commercial Property Consultants on 26 September 2023. This valuation supports the fair value included in the accounts.

The group's own pension scheme continues to influence the balance sheet as the world's markets fluctuate. This saw the investment portfolios grow during the year and liabilities decrease because of the various strategies employed. Under FRS102, the gap between assets and liabilities of the scheme was eliminated to produce a small surplus which can be recognized to the extent that it is deemed to be recoverable by the company. It should be noted that a Pension Act s179 technical valuation gives a different result which means that without the supporting Scottish Limited Partnership asset-backed contribution there is still a gap that has to be addressed with the continuation of the Pension Regulator approved repayment plan.

The pension accounts have been prepared to FRS102. The Net Assets are £850,000 at the end of June 2023 compared to £2,448,000 as it was at the end of June 2022. The Board remains vigilant to the effects of market movements on the asset and liability position of the pension fund which can go up as well as down. Pension equalisation is expected to have some cost but it is too early to know what that might be with any certainty but the pension Trustees do not believe that this will be significant.

# MULTITONE (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2023**

---

The gap in the pension fund between its assets and liabilities is covered by UK Government rules which require the implementation of an officially approved repayment plan and a payment of an annual Pension Protection Levy where should the company become genuinely insolvent; the Protection Fund steps in to cover the majority of any deficit. It is noticeable that credit rating agencies frequently fail to understand this distinction between a valuation of the balance with and without the pension in it and the protected status that pension funds enjoy.

During the financial year the board undertook a review of the main targets of the business to ensure that they match the expectations of the markets, shareholders and other interested parties. It confirmed that research and development remain key to the future of the business with new products and innovations being rolled out on a regular basis each year.

The group has considerable financial resources therefore the directors believe that the group is well placed to manage its business risks successfully. It is still the Directors' intention to exercise a cautious, risk averse approach for the foreseeable future.

The Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Principal risks and uncertainties**

The group operates in a competitive market which is a continuing risk to the group and could result in losing sales to key competitors. The group manages this risk by providing value added services to its customers, maintaining strong relationships with customers and providing new and innovative solutions to customer needs.

The group's sales to its customers in Europe are in Euros, and to its customers in other countries in US Dollars and Sterling, therefore the group is exposed to movements in the Euro and US Dollar to pound exchange rate. The group also sources products in Euros and US Dollars and therefore minimises the risk of exchange rate fluctuations by the operation of both Euro and US Dollar currency bank accounts.

The group trades with companies and organisations in over 30 countries around the world. This geographical spread facilitates a reduced exposure to any particular region of the world where trading risks may occur.

The group's pension fund continues to place a financial demand for cash to fill the gap between assets and liabilities. Even though by FRS102 accounting this is in surplus, the s179 technical definition still requires a repayment plan to operate until such time as the SLP can be released from the pension plan.

The other area of risk is the extent of public sector expenditure, and as such Multitone is continuing to gain market share in non-government areas of business that are showing an increased appetite for its products, especially the latest innovations.

Credit risk is managed by ensuring that transactions are only undertaken with businesses of good standing and have an appropriate credit rating along with references that are verified. The group's customers are frequently organisations that are backed by the government of the United Kingdom and are therefore a low credit risk. Bad debts are very rare.

### **Corporate Governance**

The group voluntarily complies with such elements of the Financial Reporting Council's "The UK Corporate Governance Code" ('the Code') (issued in April 2016) as the Directors consider it appropriate for a private company of its size. On 16 July 2018 the FRC published the updated UK Corporate Governance Code. The new Code applies to accounting periods beginning on or after 1 January 2019 and has been adopted by Multitone Electronics PLC. The group has a written policy statement that applies the Code to Multitone Electronics PLC and explains in detail what systems, processes and documentation exists to ensure that the Code's recommendations are applied in a consistent way.

The full board meets half yearly and the executive board monthly in the interim. The board's role is to constructively challenge and help develop proposals on strategy, tactical and operational performance of the group. They also agree on operational budgets and capital expenditure whilst monitoring the reporting of the financial performance against these and satisfying themselves of the integrity of the information. They are also responsible for making sure that the financial controls are robust, defensible and are suitable for controlling risk. They are responsible through the remuneration committee for the setting of the appropriate levels of remuneration of the executive and non-executive directors and have a prime role in the appointment and where necessary, the removal of directors.

# MULTITONE (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2023**

---

There is no internal audit function or audit committee given the limited complexity of operations the directors believe appropriate review procedures are already in place.

### **Ultimate Parent Company**

The ultimate parent and controlling company is Innovative City Investments Limited, a company incorporated in the British Virgin Islands. This company does not prepare consolidated financial statements. The largest group in which the results of Multitone Electronics are consolidated is that headed by Kantone Holdings Limited which is a quoted company on the Hong Kong Stock Exchange, a company incorporated in the Cayman Islands. The consolidated financial statements of Kantone Holdings Limited are available to the public and may be obtained from Kantone Holdings Limited, Unit 4215, 42nd Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong.

On behalf of the board



.....  
Edward Paterson

**Director**

.....11/12/23



# MULTITONE (UK) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2023

---

The directors present their annual report and financial statements for the year ended 30 June 2023.

#### Principal activities

The principal activity of the group is the design, manufacture and supply of integrated wireless communication systems and solutions for sale and lease.

#### Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### Directors

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

Ka Lim Liu

Philip L Lawrence

(Resigned 30 September 2022)

Frank Rotthoff

Edward Paterson

So Ying Lam

Man Tat Li

(Resigned 1 November 2022)

#### Auditor

The auditor, Moore, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the 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 and company will continue in business.

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

#### Statement of disclosure to auditor

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

# MULTITONE (UK) LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

---

### Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board



.....  
Edward Paterson  
Director

Date: 11/12/23 .....

# MULTITONE (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MULTITONE (UK) LIMITED

---

#### Opinion

We have audited the financial statements of Multitone (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 the parent company's affairs as at 30 June 2023 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 and 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

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.

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 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# MULTITONE (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MULTITONE (UK) LIMITED

---

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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**

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 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 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.

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

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

# MULTITONE (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MULTITONE (UK) LIMITED

---

### Our approach was as follows:

We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.

We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.

We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

Based on this understanding, we designed specific appropriate audit procedures to identify instances of noncompliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mohamedraza Mavani (Senior Statutory Auditor)  
For and on behalf of

19,12,23



Chartered Accountants  
Statutory Auditor

Rutland House  
Minerva Business Park  
Lynch Wood  
Peterborough  
PE2 6PZ

# MULTITONE (UK) LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	13,203	12,334
Cost of sales		(5,584)	(5,136)
<b>Gross profit</b>		<b>7,619</b>	<b>7,198</b>
Distribution costs		(2,739)	(2,404)
Administrative expenses		(4,585)	(4,093)
Other operating income		260	351
<b>Operating profit</b>	<b>4</b>	<b>555</b>	<b>1,052</b>
Interest receivable and similar income	8	147	80
Interest payable and similar expenses	9	(8)	(43)
<b>Profit before taxation</b>		<b>694</b>	<b>1,089</b>
Tax on profit	10	9	(45)
<b>Profit for the financial year</b>		<b>703</b>	<b>1,044</b>

Profit for the financial year is all attributable to the owners of the parent company.

# MULTITONE (UK) LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

---

	2023 £'000	2022 £'000
<b>Profit for the year</b>	703	1,044
	<u>          </u>	<u>          </u>
<b>Other comprehensive income</b>		
Revaluation of tangible fixed assets	-	350
Actuarial loss on defined benefit pension schemes	(1,823)	(1,991)
Currency translation (loss)/gain taken to retained earnings	(45)	69
	<u>          </u>	<u>          </u>
<b>Other comprehensive income for the year</b>	(1,868)	(1,572)
	<u>          </u>	<u>          </u>
<b>Total comprehensive income for the year</b>	(1,165)	(528)
	<u>          </u>	<u>          </u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

# MULTITONE (UK) LIMITED

## GROUP BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	11		2,093		2,045
Tangible assets	12		2,559		3,180
Investment property	13		604		-
			<u>5,256</u>		<u>5,225</u>
<b>Current assets</b>					
Stocks	15	2,268		1,742	
Debtors	16	3,650		2,928	
Cash at bank and in hand		9,229		9,166	
		<u>15,147</u>		<u>13,836</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(27,264)</u>		<u>(26,317)</u>	
<b>Net current liabilities</b>			<u>(12,117)</u>		<u>(12,481)</u>
<b>Total assets less current liabilities</b>			<u>(6,861)</u>		<u>(7,256)</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(288)		(329)
<b>Provisions for liabilities</b>					
Provisions	19	<u>113</u>	<u>(113)</u>	<u>110</u>	<u>(110)</u>
<b>Net assets excluding pension surplus</b>			<u>(7,262)</u>		<u>(7,695)</u>
<b>Defined benefit pension surplus</b>	20		<u>850</u>		<u>2,448</u>
<b>Net liabilities</b>			<u><u>(6,412)</u></u>		<u><u>(5,247)</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		5,500		5,500
Revaluation reserve			610		610
Profit and loss reserves			<u>(12,522)</u>		<u>(11,357)</u>
<b>Total equity</b>			<u><u>(6,412)</u></u>		<u><u>(5,247)</u></u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized groups.




# MULTITONE (UK) LIMITED

## GROUP BALANCE SHEET (CONTINUED)

**AS AT 30 JUNE 2023**

---

The financial statements were approved by the board of directors and authorised for issue on 11/12/23 and are signed on its behalf by:



.....  
Edward Paterson  
**Director**

Company registration number 02833057 (England and Wales)

# MULTITONE (UK) LIMITED

## COMPANY BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	2023 £'000	£'000	2022 £'000	£'000
<b>Fixed assets</b>					
Investments	14		9,465		9,465
<b>Current assets</b>					
Debtors	16	100		100	
<b>Creditors: amounts falling due within one year</b>	17	(19,722)		(19,722)	
<b>Net current liabilities</b>			(19,622)		(19,622)
<b>Net liabilities</b>			(10,157)		(10,157)
<b>Capital and reserves</b>					
Called up share capital	21		5,500		5,500
Profit and loss reserves			(15,657)		(15,657)
<b>Total equity</b>			(10,157)		(10,157)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £Nil (2022 - £Nil).

The financial statements were approved by the board of directors and authorised for issue on 11/12/23 and are signed on its behalf by:



Edward Paterson  
Director

Company registration number 02833057 (England and Wales)

# MULTITONE (UK) LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 July 2021</b>	5,500	260	(10,479)	(4,719)
<b>Year ended 30 June 2022:</b>				
Profit for the year	-	-	1,044	1,044
Other comprehensive income:				
Revaluation of tangible fixed assets	-	350	-	350
Actuarial gains on defined benefit plans	-	-	(1,991)	(1,991)
Currency translation differences	-	-	69	69
Total comprehensive income	-	350	(878)	(528)
<b>Balance at 30 June 2022</b>	5,500	610	(11,357)	(5,247)
<b>Year ended 30 June 2023:</b>				
Profit for the year	-	-	703	703
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	(1,823)	(1,823)
Currency translation differences	-	-	(45)	(45)
Total comprehensive income	-	-	(1,165)	(1,165)
<b>Balance at 30 June 2023</b>	5,500	610	(12,522)	(6,412)

# MULTITONE (UK) LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

---

	Share capital	Profit and loss reserves	Total
	£'000	£'000	£'000
<b>Balance at 1 July 2021</b>	5,500	(15,657)	(10,157)
	<hr/>	<hr/>	<hr/>
<b>Year ended 30 June 2022:</b>			
Profit and total comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2022</b>	5,500	(15,657)	(10,157)
	<hr/>	<hr/>	<hr/>
<b>Year ended 30 June 2023:</b>			
Profit and total comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2023</b>	<u>5,500</u>	<u>(15,657)</u>	<u>(10,157)</u>

# MULTITONE (UK) LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	25		921		982
Interest paid			(8)		(43)
Income taxes paid			(54)		(30)
<b>Net cash inflow from operating activities</b>			859		909
<b>Investing activities</b>					
Purchase of intangible assets		(783)		(924)	
Proceeds from disposal of intangibles		4		2	
Purchase of tangible fixed assets		(143)		(736)	
Interest received		147		80	
<b>Net cash used in investing activities</b>			(775)		(1,578)
<b>Net increase/(decrease) in cash and cash equivalents</b>			84		(669)
Cash and cash equivalents at beginning of year			9,166		9,783
Effect of foreign exchange rates			(21)		52
<b>Cash and cash equivalents at end of year</b>			9,229		9,166

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2023**

---

### **1 Accounting policies**

#### **Company information**

Multitone (UK) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Multitone House, Shortwood Copse Lane, Kempshott, Basingstoke, RG23 7NL.

The group consists of Multitone (UK) Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

#### **1.2 Basis of consolidation**

The group financial statements consolidate the financial statements of Multitone (UK) Limited and all of its subsidiaries drawn up to 30 June each year. Multitone (UK) Limited has taken the permitted exemption from the disclosure requirement required in FRS 102 Sections 11 & 12 for qualifying entities. All subsidiaries of the group are included on the purchase method of accounting.

#### **1.3 Going concern**

Whilst the impact of coronavirus has dissipated to some degree, the legacy of its effect continues to be felt throughout most sectors of the economy. Other matters such as rising prices, are impacting across all businesses. Going concern is therefore an important area that the directors are keeping under close scrutiny. No immediate concerns in relation to the group's long term future have been identified, but this area continues to be monitored. The directors are satisfied that the steps they have taken in the short term are appropriate and effective.

At 30 June 2023, the Group reported consolidated net liabilities of £6,413,000 (2022 £5,248,000). The Group holds intercompany liabilities with its parent company Kantone Holdings Limited of £19,722,000 (2022 £19,722,000). Excluding intercompany liabilities results in a net current assets position for the Group. The Multitone Group is the main trading group owned by the parent company. Kantone Holdings Limited therefore have no intention to recall the debt. The group financial statements have therefore been prepared on a going concern basis.

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 1 Accounting policies

(Continued)

#### 1.4 Turnover

Turnover principally comprises the invoiced value of goods and services supplied by group companies to third parties and in addition the group makes sales under finance leases terms and receives rental income from equipment hire. Amounts recoverable in respect of finance lease sales are included in the balance sheet on the basis of costs of open contracts less accumulated amortisation.

When the group is engaged in the supply of goods and services under contracts which in total may exceed one years in duration, turnover comprises the invoiced value of work carried out to the accounting date. To the extent that the billings are recorded in advanced of the relevant turnover, these are included in deferred income. Turnover is exclusive of VAT and relevant sales taxes and after elimination of all intercompany transactions, and is net of returns, trade discounts and allowances.

Rental income from equipment hire is recognised on a straight line basis over the life of the lease. Interest receivable under finance lease is recognised in the profit and loss account in proportion to the capital amount outstanding.

#### 1.5 Research and development expenditure

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

#### 1.6 Intangible fixed assets other than goodwill

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

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

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

Research and development intangibles	Maximum of 5 years
--------------------------------------	--------------------

#### 1.7 Tangible fixed assets

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

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

Freehold land and buildings	Held at valuation
Leasehold land and buildings	Held at valuation
Plant and equipment	3 - 10 years

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

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

---

#### 1 Accounting policies

(Continued)

##### 1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

##### 1.9 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

##### 1.10 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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



# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

---

#### 1 Accounting policies

(Continued)

##### 1.11 Stocks

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

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

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

##### 1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.13 Financial instruments

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

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

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

##### **Basic financial assets**

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

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

---

#### 1 Accounting policies

(Continued)

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

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

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

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

##### **Other financial liabilities**

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

---

#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial liabilities***

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

##### **1.14 Equity instruments**

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

##### **1.15 Taxation**

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

##### ***Current tax***

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

##### ***Deferred tax***

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

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

##### **1.16 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

---

### 1 Accounting policies

(Continued)

#### 1.17 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

#### 1.18 Retirement benefits

In the United Kingdom the group operates a defined contribution pension scheme; the employer's contributions are charged directly to the profit and loss account.

In the United Kingdom the group also operates a defined benefit pension scheme; pension costs charges to the profit and loss account relate to the current service costs of employees.

The costs of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumption and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management consider the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

#### 1.19 Leases

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### 1.20 Foreign exchange

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

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 2 Judgements and key sources of estimation uncertainty

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

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

### 3 Turnover and other revenue

	2023 £'000	2022 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	8,491	8,145
Europe	3,916	3,834
Rest of world	796	355
	<u>13,203</u>	<u>12,334</u>

Finance lease sales in the year ended 30 June 2023 totalled £3,463,000 (2022: £3,391,000).

### 4 Operating profit

	2023 £'000	2022 £'000
Operating profit for the year is stated after charging:		
Exchange losses	119	88
Research and development costs	254	7
Depreciation of owned tangible fixed assets	134	147
Loss on disposal of tangible fixed assets	7	-
Amortisation of intangible assets	725	679
Operating lease charges	316	284
	<u>1,555</u>	<u>1,105</u>

### 5 Auditor's remuneration

	2023 £'000	2022 £'000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	7	7
Audit of the financial statements of the company's subsidiaries	38	36
Audit of the financial statements of the company's subsidiaries (payable to other auditors)	10	10
	<u>55</u>	<u>53</u>

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 6 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Development and manufacture	58	57	-	-
Sales and service	70	71	-	-
Administration	30	32	5	6
Total	<u>158</u>	<u>160</u>	<u>5</u>	<u>6</u>

Their aggregate remuneration comprised:

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Wages and salaries	5,740	5,197	-	-
Social security costs	608	547	-	-
Pension costs	784	771	-	-
	<u>7,132</u>	<u>6,515</u>	<u>-</u>	<u>-</u>

### 7 Directors' remuneration

	2023 £'000	2022 £'000
Remuneration for qualifying services	529	440
Company pension contributions to defined contribution schemes	15	23
	<u>544</u>	<u>463</u>

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

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £'000	2022 £'000
Remuneration for qualifying services	231	154
Company pension contributions to defined contribution schemes	3	10
	<u>234</u>	<u>164</u>

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 8 Interest receivable and similar income

	2023 £'000	2022 £'000
<b>Interest income</b>		
Interest on bank deposits	52	2
Other interest income	95	78
	<u>          </u>	<u>          </u>
Total income	147	80
	<u>          </u>	<u>          </u>

### 9 Interest payable and similar expenses

	2023 £'000	2022 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	-	38
Other interest on financial liabilities	8	4
	<u>          </u>	<u>          </u>
	8	42
	<u>          </u>	<u>          </u>

### 10 Taxation

	2023 £'000	2022 £'000
<b>Current tax</b>		
Adjustments in respect of prior periods	(64)	-
Foreign current tax on profits for the current period	36	50
Adjustments in foreign tax in respect of prior periods	1	1
	<u>          </u>	<u>          </u>
Total current tax	(27)	51
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	18	(6)
	<u>          </u>	<u>          </u>
Total tax (credit)/charge	(9)	45
	<u>          </u>	<u>          </u>

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 10 Taxation

(Continued)

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

	2023 £'000	2022 £'000
Profit before taxation	694	1,089
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	142	207
Tax effect of expenses that are not deductible in determining taxable profit	5	2
Tax effect of income not taxable in determining taxable profit	(23)	-
Change in unrecognised deferred tax assets	111	725
Permanent capital allowances in excess of depreciation	24	-
Research and development tax credit	(316)	(290)
Other permanent differences	-	(4)
Effect of overseas tax rates	27	11
Under/(over) provided in prior years	1	-
Amounts (charged)/credited directly to STRGL or otherwise transferred	-	(386)
Adjustment to tax charge in respect to the previous period	(64)	(64)
Adjustment to deferred tax charge in respect to the previous period	111	83
Effect of change in deferred tax rate	(27)	(239)
Taxation (credit)/charge	(9)	45

From 1 April 2023, the UK tax rate increased from 19% to 25%. This will have a consequential effect on the company's future tax charge. The deferred tax balances below have therefore been calculated at 25%.

A deferred tax asset to the sum of £1,113,000 (2022: £1,614,000) has not been recognised in respect of timing differences relating to trading losses and depreciation in excess of capital allowances as it is considered as unlikely that there will be suitable taxable profits available for the losses to be relieved and for the asset to be recovered. The asset would be recovered if future taxable profits were available against which the losses could be relieved.

A deferred tax asset to the sum of £1,135,000 (2022: £1,135,000) has not been recognised in respect of capital losses as in the opinion of the directors there will be no suitable taxable gains in the foreseeable future. The asset would be recovered if future gains arise on the sale of chargeable assets.

A deferred tax liability to the sum of £462,000 (2022: £612,000) has not been recognised in respect of the defined benefit pension scheme asset

A deferred tax asset to the sum of £133,000 (2022: £133,000) has not been recognised in respect of R&D expenditure credits available for carry forward to offset against future corporation tax liabilities. In the opinion of the directors there will be no foreseeable liabilities.



# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 11 Intangible fixed assets

Group	Research and development intangibles £'000
<b>Cost</b>	
At 1 July 2022	14,784
Additions	783
Disposals	(17)
At 30 June 2023	15,550
<b>Amortisation and impairment</b>	
At 1 July 2022	12,739
Amortisation charged for the year	725
Disposals	(7)
At 30 June 2023	13,457
<b>Carrying amount</b>	
At 30 June 2023	2,093
At 30 June 2022	2,045

The company had no intangible fixed assets at 30 June 2023 or 30 June 2022.

Intangible assets for both the group and company comprise costs incurred in respect of producing software, pre-production prototypes and test equipment for new products. Intangible assets are recognised at cost. These costs are amortised over a period of 5 years which reflects the expected commercial life of the products in question.

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 12 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 July 2022	2,923	98	15,097	18,118
Additions	-	-	143	143
Disposals	-	-	(16)	(16)
Transfer to investment property	(604)	-	-	(604)
Exchange adjustments	(12)	(18)	(45)	(75)
At 30 June 2023	2,307	80	15,179	17,566
<b>Depreciation and impairment</b>				
At 1 July 2022	123	6	14,809	14,938
Depreciation charged in the year	9	3	122	134
Eliminated in respect of disposals	-	-	(15)	(15)
Exchange adjustments	(12)	(2)	(36)	(50)
At 30 June 2023	120	7	14,880	15,007
<b>Carrying amount</b>				
At 30 June 2023	2,187	73	299	2,559
At 30 June 2022	2,800	92	288	3,180

The company had no tangible fixed assets at 30 June 2023 or 30 June 2022.

Land and buildings are held at valuation. The Group's freehold properties in the United Kingdom were revalued in June 2022 on the basis of open market value for existing use, by Baker Davidson Thomas, Chartered Surveyors.

#### 13 Investment property

	Group 2023 £'000	Company 2023 £'000
<b>Fair value</b>		
At 1 July 2022 and 30 June 2023	-	-
Transfers from owner-occupied property	604	-
At 30 June 2023	604	-

Investment property comprises a business unit in Basingstoke. The fair value of the investment property has been arrived at on the basis of its original purchase price in October 2021. A valuation was undertaken by SBT Commercial Property Consultants on 26 September 2023. This valuation supports the fair value included in the accounts.

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 14 Fixed asset investments

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Investments in subsidiaries	-	-	9,465	9,465

The investment in subsidiary undertakings consists of 100% of the ordinary share capital of Multitone Electronics plc, a company incorporated in the United Kingdom and registered in England and Wales. An impairment review was carried out at the year-end by the directors and no further impairment has been noted during the current year.

The other subsidiary undertakings are wholly owned by Multitone Electronics plc and are incorporated in the United Kingdom except where otherwise indicated.

#### Sales

Multitone Electronics plc  
Multiton Elektronik GmbH (Germany)  
Multitone General Partner Ltd  
Multitone Retirement Benefits Plan Trustee Ltd  
Multitone Scottish Limited Partnership

#### Manufacturing

Multitone Electronics Sdn Bhd (Malaysia)\*

#### Non-trading

Multitone Communications Limited  
Multitone Communication Systems Limited  
Infopage Limited  
Paging Systems Limited  
Multitone Rentals Limited

\* Owned by Multitone Communications Limited

The principal country of operation for all trading subsidiaries is the same as their country of incorporation.

#### Movements in fixed asset investments

Company	Shares in subsidiaries £'000
<b>Cost or valuation</b>	
At 1 July 2022 and 30 June 2023	9,465
<b>Carrying amount</b>	
At 30 June 2023	9,465
At 30 June 2022	9,465

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 15 Stocks

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Raw materials and consumables	952	913	-	-
Work in progress	461	184	-	-
Finished goods and goods for resale	855	645	-	-
	<u>2,268</u>	<u>1,742</u>	<u>-</u>	<u>-</u>

### 16 Debtors

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	2,044	1,392	-	-
Corporation tax recoverable	75	18	-	-
Amounts owed by group undertakings	693	693	100	100
Other debtors	189	313	-	-
Prepayments and accrued income	366	208	-	-
	<u>3,367</u>	<u>2,624</u>	<u>100</u>	<u>100</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	<u>283</u>	<u>304</u>	<u>-</u>	<u>-</u>
<b>Total debtors</b>	<u>3,650</u>	<u>2,928</u>	<u>100</u>	<u>100</u>

### 17 Creditors: amounts falling due within one year

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
<b>Notes</b>				
Trade creditors	790	337	-	-
Amounts owed to group undertakings	21,642	21,642	19,722	19,722
Corporation tax payable	-	6	-	-
Other taxation and social security	485	466	-	-
Deferred income	3,550	2,918	-	-
Other creditors	797	949	-	-
	<u>27,264</u>	<u>26,318</u>	<u>19,722</u>	<u>19,722</u>

The Group operates a number of intercompany loans from its subsidiaries, these are interest free and repayable on demand.

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 18 Creditors: amounts falling due after more than one year

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Other creditors	288	329	-	-

### 19 Provisions for liabilities

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Warranty provision	113	110	-	-

Movements on provisions:

Group	Warranty provision £'000
At 1 July 2022	110
Additional provisions in the year	3
At 30 June 2023	113

### 20 Retirement benefit schemes

Defined contribution schemes	2023 £'000	2022 £'000
Charge to profit or loss in respect of defined contribution schemes	318	322

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

#### Defined benefit schemes

In the United Kingdom the group operates a self-administered, funded pension scheme, which is contracted out of the state pension scheme. The scheme provides defined pension benefits related to service, final earnings and capital sums on death. The scheme is closed and all remaining members are deferred. The assets of the scheme are held in a separately administered fund.

The most recent actuarial valuation of the scheme was at 30 June 2023. The valuation used the projected unit method and was carried out by a professionally qualified actuary.

The total assets and liabilities of the UK scheme and the expected rates of return at 30 June are as follows:

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

### 20 Retirement benefit schemes

(Continued)

	2023 %	2022 %
<i>Key assumptions</i>		
Discount rate	5.25	3.75
Expected rate of increase of pensions in payment	3.15	3.10
Expected rate of salary increases	Post 1998 GMP	0.00
	Post 1997	2.40
	Pre 1997	2.95
Inflation assumption	3.30	3.20
<i>Mortality assumptions</i>	2023 Years	2022 Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.4	22.3
- Females	24.6	24.5
Retiring in 20 years		
- Males	24.0	23.9
- Females	26.0	25.9
	2023 £'000	2022 £'000
<i>Amounts taken to other comprehensive income</i>		
Other gains and losses	(1,849)	(2,032)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Present value of defined benefit obligations	26,971	31,475	-	-
Fair value of plan assets	(27,821)	(33,923)	-	-
Deficit in scheme	(850)	(2,448)	-	-
<i>Movements in the present value of defined benefit obligations</i>				Group 2023 £'000

Liabilities at 1 July 2022	31,475
Benefits paid	(1,476)
Interest cost	1,153
Other	(4,181)
At 30 June 2023	26,971

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2023

#### 20 Retirement benefit schemes

(Continued)

*The defined benefit obligations arise from plans funded as follows:*

	<b>Group 2023 £'000</b>
Wholly unfunded obligations	-
Wholly or partly funded obligations	26,971
	<u>26,971</u>

*Movements in the fair value of plan assets*

	<b>Group 2023 £'000</b>
Fair value of assets at 1 July 2022	33,923
Interest income	(6,030)
Benefits paid	(1,476)
Contributions by the employer	354
Other	1,050
At 30 June 2023	<u>27,821</u>

*Fair value of plan assets at the reporting period end*

	<b>Group 2023 £'000</b>	<b>2022 £'000</b>
Alternatives	2,817	3,895
Currency hedge	75	(135)
Swaps hedging the liabilities	(2,417)	(3,831)
Multi asset growth fund	13,566	17,199
Fixed interest gilts	3,647	6,185
Index linked gilts	6,635	4,749
Property	1,046	1,853
Value of SLP	852	1,698
Cash	1,394	2,052
Insured pensions	206	258
	<u>27,821</u>	<u>33,923</u>

#### 21 Share capital

<b>Group and company</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Ordinary share capital</b>	<b>Number</b>	<b>Number</b>	<b>£'000</b>	<b>£'000</b>
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	5,500,000	5,500,000	5,500	5,500
	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,500</u>	<u>5,500</u>

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 22 Operating lease commitments

#### Lessee

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

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	315	296	-	-
Between two and five years	239	255	-	-
	<u>554</u>	<u>551</u>	<u>-</u>	<u>-</u>

#### Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	33	-	-	-
Between two and five years	131	-	-	-
In over five years	270	-	-	-
	<u>434</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 23 Related party transactions

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2023	2022
	£'000	£'000
<b>Group</b>		
Entities with control, joint control or significant influence over the group	<u>21,642</u>	<u>21,642</u>
<b>Company</b>		
Entities with control, joint control or significant influence over the company	<u>19,722</u>	<u>19,722</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2023	2022
	Balance	Balance
	£'000	£'000
<b>Group</b>		
Entities with control, joint control or significant influence over the group	<u>693</u>	<u>693</u>



# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 23 Related party transactions (Continued)

#### Company

Entities with control, joint control or significant influence over the company	100	100
--------------------------------------------------------------------------------	-----	-----

#### Other information

The Company has taken advantage of the exemption provided in by FRS 102 paragraph 1.12 not to disclose key management personnel compensation.

The Group and Company have taken advantage of the exemption provided by FRS 102 paragraph 33.1A to not disclose transactions with other wholly-owned Group undertakings.

### 24 Controlling party

The immediate parent company of Multitone (UK) Limited is MC Holdings Ltd, a company incorporated in the Cayman Islands.

The ultimate parent and controlling company is Innovative City Investments Limited, a company incorporated in the British Virgin Islands. This company does not prepare consolidated financial statements.

The largest group in which the results of Multitone (UK) Limited are consolidated is that headed by Kantone Holdings Limited, a company incorporated in the Cayman Islands.

The consolidated financial statements of Kantone Holdings Limited are available to the public and may be obtained from Kantone Holdings Limited, Unit 4215, 42nd Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong.

### 25 Cash generated from group operations

	2023 £'000	2022 £'000
Profit for the year after tax	703	1,044
<b>Adjustments for:</b>		
Taxation (credited)/charged	(9)	45
Finance costs	8	43
Investment income	(147)	(80)
Loss on disposal of tangible fixed assets	7	12
Amortisation and impairment of intangible assets	725	680
Depreciation and impairment of tangible fixed assets	134	147
Pension scheme non-cash movement	(225)	(221)
Increase in provisions	3	11
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(526)	1
(Increase)/decrease in debtors	(665)	378
Increase/(decrease) in creditors	280	(1,287)
Increase in deferred income	633	209
<b>Cash generated from operations</b>	<b>921</b>	<b>982</b>

# MULTITONE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

26 Analysis of changes in net funds - group

	1 July 2022	Cash flows	Exchange rate movements	30 June 2023
	£'000	£'000	£'000	£'000
Cash at bank and in hand	9,166	84	(21)	9,229