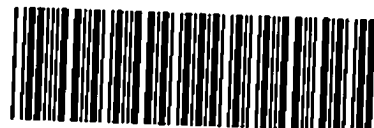


COMPANY REGISTRATION NUMBER: NI040206

TELESTACK LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2021



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Telestack Limited

Financial Statements

Year ended 31 December 2021

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Telestack Limited**Officers and Professional Advisers**

The board of directors	Mr M Dummigan Mr M Gribben Mr G Goya Raya
Company secretary	Gerardo Goya Raya
Registered office	3 Bankmore Way East Omagh Tyrone Northern Ireland BT79 0NZ
Auditor	BDO Northern Ireland Chartered accountants & statutory auditor Lindsay House 10 Callender Street Belfast BT1 5BN
Solicitors	Carson McDowell LLP Murray House Murray Street Belfast BT1 6DN

Telestack Limited

Strategic Report

Year ended 31 December 2021

Principal activities and review of the Company's Business

The principal activity of the company during the year was the design and manufacture of mobile, telescopic and radial stockpiling conveyors.

The loss for the period before taxation amounted to £159,909 (2020: £80,339). The directors consider the results for the financial period and the position of the company at the financial year-end to be satisfactory.

During the financial year ended 31 December 2021, the company continued to consolidate its position as one of the world's leading suppliers of mobile bulk material handling equipment.

The company continues to benefit from its strategic objective of focusing on New Product Innovation, as well as not only securing, but expanding its network of strategic partners. This has thereby enabled the company to sell its expanded product range and further develop new product offerings throughout the world. During the year ended, 31 December 2021, the company delivered a number of large projects on each of the continents, with particular focus on the European, North American and Australian markets.

Principal Risks and Uncertainties

Performance in the materials handling sector is affected by both general economic conditions and specific factors such as foreign exchange and raw material price fluctuations. The directors carry out regular strategic reviews including assessments of competitor activity and forecast market trends. The directors attempt to mitigate any associated risks by making appropriate decisions based on their knowledge and expertise of the market in which the company operates.

It is the company's strategy to follow an appropriate risk policy which effectively manages exposures related to the achievement of business objectives. The key risks which the company faces are detailed as follows.

Business performance risk

Business performance risks is the risk that the company may not perform as expected either due to internal factors or due to competitive pressures in the market in which it operates. This risk is managed through a number of measures, including: ensuring the appropriate management team is in place; budget and business planning; monthly reporting; financial controls; key performance indicators; and regular forecasting.

Financial Key Performance Indicators

The directors have determined that the following financial key performance indicators ("KPIs") are the most effective measures of assessing progress towards achieving its strategic objectives.

KPIs

The KPIs during the financial year were as follows:

	31 December 2021	31 December 2020
Turnover	£31.8m	£19.6m
Operating (loss)/Profit	£(0.16)m	£(0.08)m
Machine Order Backlog	£11m	£9.7m
Talent	163	148

Telestack Limited

Strategic Report *(continued)*

Year ended 31 December 2021

Business continuity risk

The company takes all relevant steps which help it to minimise the business continuity risk and ensuring that there is sufficient IT support available, should an unforeseen event occur.

Health & Safety risk

The company is committed to ensuring a safe working environment. Any associated risks are managed by the company through the promotion of a strong health and safety culture, in addition to well-defined health and safety policies.

Management development

Senior management is committed to ensuring the long-term growth of the company and it aims to achieve this by ensuring it retains and attracts high quality personnel.

Financial and business control

Strong financial and business controls are necessary to ensure the integrity and reliability of both financial and non-financial information on which the company relies for day-to-day operations, external reporting and for longer-term planning. The company exercises financial and business control through a combination of: qualified and experienced financial personnel; performance analysis; budgeting and cash flow forecasting; and clearly defined authorisation limits.

Financial risk management policy

The company's principal financial instruments comprise cash, trade debtors and creditors, bank overdrafts, together with certain other debtors and accruals. The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and foreign currency risk.

Price risk

The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the costs of managing its exposure to commodity price risk exceed any potential benefits and as a result, the directors deem it appropriate to only revisit this risk, as and when the company's operations change in size or nature.

Credit risk

Credit risk arises principally from 3rd party-derived revenues. The company has implemented policies that require appropriate credit checks on all customers before a sale can be made. The amount of exposure to individual customers is subject to a limit, which is assessed regularly by the directors, so as to ensure any exposure to bad debts is minimised. The company also holds credit insurance against specific customers as well as utilising a number of financial instruments such as Letters of Credit and Bank Guarantees.

Liquidity risk

In addition to its cash reserves, the company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient funds available for both its day-to-day operations and any future expansion plans.

Foreign currency risk

The company's exposure to foreign currency risk comprises both revenues received from customers and expenditures to suppliers; aside from Sterling, revenues and expenditures can be denominated in both Euro and US Dollar currencies. The company has a policy of matching these amounts and in the event of any material unmatched exposure, the company manages the risk by entering into foreign exchange contracts.

Brexit risk

As with any UK business, Brexit presents a number of challenges. The company has access to global supply chain and expertise to meet these such challenges. The Directors are confident that the company is in a strong position to react quickly at the appropriate time to changes in trading agreements as a result of Brexit.

Telestack Limited

Strategic Report *(continued)*

Year ended 31 December 2021

This report was approved by the board of directors on 14/12/2022
of the board by:

and signed on behalf

Martin Dummigan

Martin Dummigan (Dec 14, 2022 09:55 GMT)

Mr M Dummigan
Director

Registered office:
3 Bankmore Way East
Omagh
Tyrone
Northern Ireland
BT79 0NZ

Telestack Limited

Directors' Report

Year ended 31 December 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Principal Activity

The principal activity of the company during the period was the design and manufacture of mobile, telescopic and radial stockpiling conveyors.

Future developments

The Directors are confident that the current level of performance will improve in the future. It is the Director's intention, with the backing of our parent company, to further develop and expand the present activities of the company through investment in capital and people.

Results and Dividends

The loss for the financial year after providing for depreciation and taxation amounted to £49,265 (2020 – loss of £51,261).

The directors do not recommend payment of a dividend (2020: £nil).

Directors

The directors who served the company during the year were as follows:

Mr M Dummigan
Mr M Gribben
Mr G Goya Raya

There were no changes in shareholdings between 31 December 2021 and the date of signing the financial statements.

In accordance with the Articles of Association, the directors retire by rotation and, being eligible, offer themselves for re-election.

Events after the end of the reporting period

There have been no significant events affecting the company since the year-end.

Charitable and political contributions

The company did not make any disclosable political donations in the current financial year. (2020 – £Nil).

Telestack Limited**Directors' Report** *(continued)***Year ended 31 December 2021**

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with the Companies Act 2006 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued by the Financial Reporting Council ("relevant financial reporting framework"). 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 assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2006.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, comprising FRS 102, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditors, BDO Northern Ireland have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Telestack Limited

Directors' Report *(continued)*

Year ended 31 December 2021

This report was approved by the board of directors on 14/12/2022
of the board by:

and signed on behalf



Martin Dummigan (Dec 14, 2022 09:55 GMT)

Mr M Dummigan
Director

Registered office:
3 Bankmore Way East
Omagh
Tyrone
Northern Ireland
BT79 0NZ

Telestack Limited**Independent Auditor's Report to the Members of Telestack Limited****Year ended 31 December 2021**

Opinion on the financial statements

We have audited the financial statements of Telestack Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, statement of financial position and the related notes, 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 company's affairs as at 31 December 2021 and of its loss 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 of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, under the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 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.

Telestack Limited

Independent Auditor's Report to the Members of Telestack Limited *(continued)*

Year ended 31 December 2021

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. 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 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 performed, we conclude that there is a material misstatement on this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Telestack Limited**Independent Auditor's Report to the Members of Telestack Limited** *(continued)***Year ended 31 December 2021**

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 taken in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

We focused on laws and regulations that could give rise to material misstatement in the financial statements. Our tests included but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquires of management; and
- considering the effectiveness of the control environment and monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risk to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all our audits we addressed the risk of management override of internal controls, including testing journals and evaluation whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Telestack Limited

Independent Auditor's Report to the Members of Telestack Limited *(continued)*

Year ended 31 December 2021

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.



Nigel V W Harra (Senior Statutory Auditor)

For and on behalf of BDO Northern Ireland
Chartered accountants & statutory auditor
Lindsay House
10 Callender Street
Belfast
BT1 5BN

14/12/2022

Telestack Limited**Statement of Income and Retained Earnings****Year ended 31 December 2021**

	Note	2021 £	2020 £
Turnover	4	31,789,174	19,589,002
Cost of sales		(27,851,492)	(15,792,657)
Gross profit		<u>3,937,682</u>	<u>3,796,345</u>
Administrative expenses		(4,097,596)	(3,878,657)
Operating loss	5	<u>(159,914)</u>	<u>(82,312)</u>
Other interest receivable and similar income	8	5	1,129
Interest payable and similar expenses	9	—	844
Loss before taxation		<u>(159,909)</u>	<u>(80,339)</u>
Tax on loss	10	110,644	29,078
Loss for the financial year and total comprehensive income		<u>(49,265)</u>	<u>(51,261)</u>
Retained earnings at the start of the year		<u>10,637,855</u>	<u>10,689,116</u>
Retained earnings at the end of the year		<u>10,588,590</u>	<u>10,637,855</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 25 form part of these financial statements.

Telestack Limited**Statement of Financial Position****31 December 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	109,608	203,616
Tangible assets	12	8,653,018	8,758,805
		<u>8,762,626</u>	<u>8,962,421</u>
Current assets			
Stocks	13	8,561,496	5,761,081
Debtors	14	5,007,631	2,433,892
Cash at bank and in hand		89,033	2,223,408
		<u>13,658,160</u>	<u>10,418,381</u>
Creditors: amounts falling due within one year	15	10,906,870	7,573,514
Net current assets		<u>2,751,290</u>	<u>2,844,867</u>
Total assets less current liabilities		<u>11,513,916</u>	<u>11,807,288</u>
Government grants	16	676,287	805,486
Provisions	17	49,037	163,945
Net assets		<u>10,788,592</u>	<u>10,837,857</u>
Capital and reserves			
Called up share capital	21	200,002	200,002
Profit and loss account	22	10,588,590	10,637,855
Shareholders funds		<u>10,788,592</u>	<u>10,837,857</u>

These financial statements were approved by the board of directors and authorised for issue on 14/12/2022 and are signed on behalf of the board by:

Martin Dummigan
 Martin Dummigan (Dec 14, 2022 09:55 GMT)
 Mr M Dummigan
 Director

Company registration number: NI040206

The notes on pages 14 to 25 form part of these financial statements.

Telestack Limited**Notes to the Financial Statements****Year ended 31 December 2021**

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is 3 Bankmore Way East, Omagh, Tyrone, BT79 0NZ, Northern Ireland.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies**Basis of preparation**

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention modified to include certain items at fair value. The financial reporting framework that has been applied in their preparation is the Companies Act 2006 (the Act) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.

The financial statements have been prepared in Sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on the going concern basis.

The directors have considered the going concern basis of preparation. Having reviewed budgets and cash flows, the directors have reasonable expectation that the company has adequate resources available to continue in operational existence for the foreseeable future. The directors are continually monitoring developments around the pandemic and are confident that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

As at the year end, the company has breached the cash reserve covenant put in place by its overdraft facility provider. In regards to its ability to continue as a going concern, the company is reliant on the continued support of its parent entity, Astec Industries Inc. as well as the support of its bank.

Astec Industries Inc. have confirmed that it is their intention to continue to provide operational and financial support to the company for at least the next 12 months.

Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Disclosure exemptions

The company has availed of the exemption in paragraph 1.12 of FRS 102 from the requirement to prepare a cash flow statement because it is a subsidiary undertaking for which the consolidated financial statements are publicly available.

Telestack Limited**Notes to the Financial Statements** *(continued)***Year ended 31 December 2021**

3. Accounting policies *(continued)***Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements:

The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- **Impairment of non-financial assets:** At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

Revenue recognition

Turnover comprises the invoice value of goods supplied by the company, exclusive of trade discounts and value added tax.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Telestack Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 15 Years straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 40 Years Straight Line
Plant and machinery	- 3-10 Years Straight Line
Fixtures and fittings	- 3-8 Years Straight Line
Motor vehicles	- 3 Years Straight Line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Telestack Limited**Notes to the Financial Statements** *(continued)***Year ended 31 December 2021**

3. Accounting policies *(continued)***Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Telestack Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Other financial assets

Other financial assets comprise trade debtors and other debtors. Other financial assets are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment losses for bad and doubtful debts, where there is objective evidence of an impairment.

Other financial liabilities

Other financial liabilities comprise trade creditors and other creditors. Other financial liabilities are initially measured at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial year end. Non-monetary items that are measured at historical cost are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary items measured at fair value are translated at the rate of exchange at the date when the fair value was determined. All foreign exchange differences are taken to the statement of income and expenditure.

Research and development

Research expenditure is written off to the statement of income and expenditure in the financial year in which it is incurred.

Ordinary share capital

The ordinary share capital of the company is presented as equity.

Cash and cash equivalents

Cash consists of cash on hand and demand deposits. The company does not have any cash equivalents at year end.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	31,789,174	19,589,002

Telestack Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

4. Turnover (continued)

Information in relation to geographical markets is not disclosed on the basis that, in the opinion of the directors, this information would be seriously prejudicial to the interests of the company.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Amortisation of intangible assets	94,008	94,008
Depreciation of tangible assets	590,695	667,583
Loss on disposal of tangible assets	312	–
Fees payable for the audit of the financial statements	38,950	53,761
Foreign Exchange (gains)/losses	(77,280)	15,841
Research & Development Expenditure	<u>98,127</u>	<u>86,683</u>

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Production staff	112	93
Distribution staff	35	39
Administrative staff	13	12
Management staff	<u>3</u>	<u>4</u>
	<u>163</u>	<u>148</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	6,151,391	4,715,871
Social security costs	645,283	544,862
Other pension costs	<u>113,238</u>	<u>33,210</u>
	<u>6,909,912</u>	<u>5,293,943</u>

In response to the Covid-19 pandemic, the UK government introduced the Coronavirus Job Retention Scheme for companies to support staff who had been furloughed. The company have availed of support under this scheme. In the current year, income of £14,991 (2020: £648,000) was received under this scheme.

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	471,832	406,894
Company contributions to defined contribution pension plans	<u>26,353</u>	<u>18,187</u>
	<u>498,185</u>	<u>425,081</u>

Telestack Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

7. Directors' remuneration (continued)

The number of directors who accrued benefits under company pension plans was as follows:

	2021 No.	2020 No.
Defined contribution plans	<u>1</u>	<u>1</u>

Remuneration of the highest paid director in respect of qualifying services:

	2021 £	2020 £
Aggregate remuneration	290,729	243,097
Company contributions to defined contribution pension plans	<u>26,353</u>	<u>1,314</u>
	<u>317,082</u>	<u>244,411</u>

8. Other interest receivable and similar income

	2021 £	2020 £
Interest on cash and cash equivalents	<u>5</u>	<u>1,129</u>

9. Interest payable and similar expenses

	2021 £	2020 £
Interest on banks loans and overdrafts	<u>-</u>	<u>(844)</u>

10. Tax on loss

Major components of tax income

	2021 £	2020 £
Current tax:		
UK current tax expense	-	16,470
Adjustments in respect of prior periods	<u>4,264</u>	<u>(28,140)</u>
Total current tax	<u>4,264</u>	<u>(11,670)</u>
Deferred tax:		
Impact of change in tax rate	29,041	20,830
Origination and reversal of timing differences	<u>(71,964)</u>	<u>(18,121)</u>
Adjustments in respect of prior periods	<u>(71,985)</u>	<u>(20,117)</u>
Total deferred tax	<u>(114,908)</u>	<u>(17,408)</u>
Tax on loss	<u>(110,644)</u>	<u>(29,078)</u>

Telestack Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

10. Tax on loss *(continued)*

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Loss on ordinary activities before taxation	(159,909)	(80,339)
Loss on ordinary activities by rate of tax	(30,383)	(15,264)
Adjustment to tax charge in respect of prior periods	(67,721)	(28,140)
Effect of expenses not deductible for tax purposes	1,674	31,734
Effect of capital allowances and depreciation	(24,800)	–
Deferred tax	11,769	(17,408)
R&D expenditure credits	26,155	–
Patent box additional deduction	(33,474)	–
Timing not recognised in computation	6,136	–
Tax on loss	<u>(110,644)</u>	<u>(29,078)</u>

Factors that may affect future tax income

The UK corporation tax rate will remain at 19% until 31 March 2023. In the budget on 3 March 2021 it was announced that the UK corporation rate will increase to 25% from 1 April 2023. On 23 September 2022 it was announced that the planned increase to 25% would be scrapped but this announcement was reversed on 17 October 2022 and therefore the expectation is that corporation tax will increase to 25% from 1 April 2023.

11. Intangible assets

	Goodwill £
Cost	
At 1 January 2021 and 31 December 2021	<u>1,410,045</u>
Amortisation	
At 1 January 2021	1,206,429
Charge for the year	<u>94,008</u>
At 31 December 2021	<u>1,300,437</u>
Carrying amount	
At 31 December 2021	<u>109,608</u>
At 31 December 2020	<u>203,616</u>

Telestack Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

12. Tangible assets

	Land and freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2021	5,708,026	6,438,642	507,754	129,618	12,784,040
Additions	285,066	157,719	18,866	24,070	485,721
Disposals	–	(1,095)	–	–	(1,095)
At 31 December 2021	5,993,092	6,595,266	526,620	153,688	13,268,666
Depreciation					
At 1 January 2021	1,174,202	2,327,057	407,147	116,829	4,025,235
Charge for the year	216,525	358,550	7,370	8,250	590,695
Disposals	–	(282)	–	–	(282)
At 31 December 2021	1,390,727	2,685,325	414,517	125,079	4,615,648
Carrying amount					
At 31 December 2021	4,602,365	3,909,941	112,103	28,609	8,653,018
At 31 December 2020	4,533,824	4,111,585	100,607	12,789	8,758,805

Freehold land of £360,000 (2020: £360,000) which is not depreciated, is included in land and freehold property.

13. Stocks

	2021 £	2020 £
Raw materials and consumables	4,846,968	2,502,276
Work in progress	2,547,489	2,372,912
Finished goods and goods for resale	1,167,039	885,893
	8,561,496	5,761,081

Stock is stated net of an obsolescence provision of £263,711 (2020: £202,116). The replacement cost of the stock did not differ significantly from the figures shown. Stocks recognised in profit and loss during the year totalled £22.9m (2020: £12.9m)

Telestack Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

14. Debtors

	2021	2020
	£	£
Trade debtors	1,524,045	1,303,657
Amounts owed by group undertakings	2,591,471	342,980
Prepayments and accrued income	453,074	481,544
Corporation tax repayable	39,840	152,817
Other debtors	399,201	152,894
	<u>5,007,631</u>	<u>2,433,892</u>

Amounts owed from group companies are interest free and repayable on demand.

15. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	214,828	–
Trade creditors	5,922,945	3,311,605
Amounts owed to group undertakings	2,205,157	–
Accruals and deferred income	1,088,468	1,013,257
Social security and other taxes	149,060	155,778
Other creditors	1,326,412	3,092,874
	<u>10,906,870</u>	<u>7,573,514</u>

Amounts owed to group companies are interest free and repayable on demand.

16. Government grants

	2021	2020
	£	£
Accruals and deferred income	<u>676,287</u>	<u>805,486</u>

17. Provisions

	Deferred tax (note 18)
	£
At 1 January 2021	163,945
Charge against provision	(114,908)
At 31 December 2021	<u>49,037</u>

Telestack Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Included in provisions (note 17)	<u>49,037</u>	<u>163,945</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021	2020
	£	£
Fixed asset timing differences	276,175	309,290
Short term timing differences	(154,292)	(53,422)
Losses and other deductions	<u>(72,846)</u>	<u>(91,923)</u>
	<u>49,037</u>	<u>163,945</u>

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £113,238 (2020: £33,210).

20. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in creditors:		
Deferred government grants due after more than one year	<u>676,287</u>	<u>805,486</u>

Included within government grants are capital grants of £602,778 (2020: £635,005) and income deferred for extended warranty of £73,509 (2020: £170,484).

21. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>200,002</u>	<u>200,002</u>	<u>200,002</u>	<u>200,002</u>

22. Reserves

Profit and loss account:

The profit and loss account comprises the company's retained earnings.

23. Related party transactions

The company has availed of the exemption under FRS 102 in relation to the disclosure of transactions with wholly owned group companies.

Telestack Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

24. Controlling party

The company regards Mill Row Limited as its parent company. The ultimate controlling party is Astec Industries Inc.

The parent of the largest group in which the results are consolidated is Astec Industries, Inc, 1725 Shepherd Road, Chattanooga, Tennessee, 37421, USA. No other group financial statements include the results of the company. The consolidated financial statements of Astec Industries Inc may be obtained from the group's website www.astecindustries.com/investor-relations.