
PERLE SYSTEMS EUROPE LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2020

PERLE SYSTEMS EUROPE LIMITED
REGISTERED NUMBER: 02058845

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	1,750	1,684
Investments	6	720,000	720,000
		<u>721,750</u>	<u>721,684</u>
Current assets			
Stocks		665	1,232
Debtors: amounts falling due within one year	7	276,962	236,095
Cash at bank and in hand	8	371,766	127,486
		<u>649,393</u>	<u>364,813</u>
Creditors: amounts falling due within one year	9	(259,042)	(58,374)
Net current assets		<u>390,351</u>	<u>306,439</u>
Total assets less current liabilities		<u>1,112,101</u>	<u>1,028,123</u>
Creditors: amounts falling due after more than one year	10	(2,668,000)	(2,668,000)
Net liabilities		<u>(1,555,899)</u>	<u>(1,639,877)</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	(1,555,901)	(1,639,879)
		<u>(1,555,899)</u>	<u>(1,639,877)</u>

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

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

D Barnett
Director

Date: 12 February 2021

The notes on pages 3 to 11 form part of these financial statements.

PERLE SYSTEMS EUROPE LIMITED
REGISTERED NUMBER: 02058845

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

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

The Covid-19 pandemic has had an increasingly significant effect on individuals, businesses and organisations worldwide, including Perle Systems Europe Ltd. The outbreak came into widespread public knowledge in early 2020. The Directors have taken all necessary measures to satisfy themselves that the Company will continue to be able to operate throughout the current restricted conditions and beyond. Therefore the Company is considered to be a going concern and no further adjustments have been made to the figures in these financial statements.

The Directors have considered the effect on the value of the assets and liabilities of the Company since the balance sheet date, as well as actual and expected future income and expenditure, cash flow requirements and the Company's ability to continue as a going concern. They have taken steps to protect the business, including its cash flow, so as to be able to maintain liquidity given that the effects of the current crisis are likely to continue to last for several months.

2.3 Consolidation

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.5 Revenue

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

Sale of goods

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

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

2.6 Operating leases: the Company as lessee

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

2.7 Dividends on preference shares

Under FRS 102 provision should be made in full for dividends payable on preference shares. The current accounting policy is for cumulative unpaid dividends on preference shares to only be recognised as liabilities when the Company has the prospect of having sufficient distributable reserves to facilitate their payment within the foreseeable future. Given the remoteness of this occurring it is considered that this is the most appropriate accounting policy. Full disclosure of the potential dividends payable is given in note 13 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Current and deferred taxation

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

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

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

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

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

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

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

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Debtors

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

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

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

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

4. Employees

The average monthly number of employees, including directors, during the year was 6 (2019 - 6).

PERLE SYSTEMS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5. Tangible fixed assets

	Plant and machinery etc £
Cost or valuation	
At 1 January 2020	2,090
Additions	1,099
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At 31 December 2020	3,189
	<hr/>
Depreciation	
At 1 January 2020	406
Charge for the year on owned assets	1,033
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At 31 December 2020	1,439
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Net book value	
At 31 December 2020	<u>1,750</u>
<i>At 31 December 2019</i>	<u>1,684</u>

6. Fixed asset investments

	Share in group undertakings and participating interests £
Cost or valuation	
At 1 January 2020	720,000
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At 31 December 2020	<u>720,000</u>

PERLE SYSTEMS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. Debtors

	2020 £	2019 £
Trade debtors	235,063	114,230
Amounts owed by group undertakings	-	80,623
Prepayments and accrued income	6,899	6,242
Deferred taxation	35,000	35,000
	<u>276,962</u>	<u>236,095</u>

8. Cash at bank and in hand

	2020 £	2019 £
Cash at bank and in hand	<u>371,766</u>	<u>127,486</u>

9. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	2,898	3,318
Amounts owed to group undertakings	181,197	4,181
Other taxation and social security	46,435	30,505
Accruals and deferred income	28,512	20,370
	<u>259,042</u>	<u>58,374</u>

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

	2020 £	2019 £
Share capital treated as debt	2,668,000	2,668,000
	<u>2,668,000</u>	<u>2,668,000</u>

PERLE SYSTEMS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Deferred taxation

	2020 £
At beginning of year	35,000
Charged to profit or loss	-
At end of year	35,000

The deferred tax asset is made up as follows:

	2020 £	2019 £
Tax losses carried forward	35,000	35,000
	<u>35,000</u>	<u>35,000</u>

The deferred tax asset is regarded as due in more than one year with the exception of £13,000 which relates to the expected net reversal of timing differences within the next 12 months.

PERLE SYSTEMS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Share capital

	2020 £	2019 £
Shares classified as equity		
Allotted, called up and fully paid		
2 (2019 - 2) Ordinary shares of £1.00 each	<u>2</u> 2020 £	<u>2</u> 2019 £
Shares classified as debt		
Allotted, called up and fully paid		
2,668,000 (2019 - 2,668,000) Preference shares of £1.00 each	<u>2,668,000</u>	<u>2,668,000</u>

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

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

The cumulative preference dividend arrears of £2,591,200 (2019: £2,457,800) have not been provided for on the grounds that the company does not have sufficient distributable reserves and is not likely to for the foreseeable future.

13. Reserves

Profit & loss account

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

14. Commitments under operating leases

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

	2020 £	2019 £
Not later than 1 year	13,920	12,710
Later than 1 year and not later than 5 years	26,680	40,600
	<u>40,600</u>	<u>53,310</u>

PERLE SYSTEMS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Related party transactions

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

	2020 £	2019 £
Perle Systems GmbH	(2,413)	4,556
Perle Systems Limited	(177,177)	76,067
Perle Systems S.A.R.L.	(1,607)	(4,180)
Perle Systems Inc	-	-

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

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

Registered address:

60 Renfew Drive

Markham

Ontario

L3R 0E1

Canada

16. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 15 February 2021 by Elizabeth Irvine (Senior Statutory Auditor) on behalf of WMT.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.