

COMPANY REGISTRATION NUMBER: 02946493

CORPORATE DIRECT (EUROPE) LIMITED

FINANCIAL STATEMENTS

31 December 2021

CORPORATE DIRECT (EUROPE) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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CORPORATE DIRECT (EUROPE) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

P A Baxter

J W Davies

Registered office

Beswick House

Green Fold Way

Leigh

Greater Manchester

England

WN7 3XT

Auditor

Wheawill & Sudworth Limited

Chartered Accountants & statutory auditor

35 Westgate

Huddersfield

HD1 1PA

Bankers

HSBC Bank plc

2-4 St Ann's Square

Manchester

M2 7HD

CORPORATE DIRECT (EUROPE) LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2021

The principal activity of Corptel is to sell and distribute telecom/IT peripherals, mainly call centre and office headset related products. Over the last 25 years Corptel has become one of the leading and trusted suppliers of such products. The company's strategy is to have sustainable and profitable growth by expanding our product portfolio, improving our supplier relationships and reaching out to existing and new potential clients. Financial key performance indicators Following the surge in turnover from the second quarter of 2020 as many businesses required appropriate working-from-home equipment to cope with the effects of Covid-19, trading returned to more normal levels in 2021. The directors were satisfied with the overall results which yielded a PBT of over £1.3m and a balance sheet value in excess of £3.6m. The main KPIs monitored by management include order intake, gross margin on sales, stock turnover and debtor days. The company has strong working relationships with its customers and suppliers and continues to develop strategic partnerships that further strengthen the business. Operational developments We continue to invest in our infrastructure and IT resources to help increase business efficiencies in the years to come allowing for extra capacity to be gained from our experienced and skilled workforce. Our people The business recognises the loyalty and dedication of its staff that helps create the success for the business with the support of the management. Over half the team have now been with the business for more 10 years. We are a member of the Living Wage Foundation due to our higher than average salary levels within the North West. We also provide private healthcare and our pension scheme benefits are well above the government legal requirements. Financial risks Liquidity continues to be managed by the use of a mix of invoice financing and strict credit control procedures that minimise the risk of overdue debts. Trade creditors are paid within terms. Attention is paid to foreign exchange movements and trends. Future outlook The business is well-placed to deliver further controlled growth and enhancement of shareholder value. Whilst Brexit is causing on-going uncertainty in the UK economy, our business model provides security of supply of products and a level of price protection for customers. We are creating operations in both the EU and the USA to increase the scale and range of the business and further enhance our offering to customers. of 2020 as many businesses required appropriate working-from-home equipment.

This report was approved by the board of directors on 7 September 2022 and signed on behalf of the board by:

P A Baxter

Director

CORPORATE DIRECT (EUROPE) 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 .

Directors

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

P A Baxter

J W Davies

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

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 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 company and the profit or loss of the company for that period. 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; - 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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. 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.

This report was approved by the board of directors on 7 September 2022 and signed on behalf of the board by:

P A Baxter

Director

CORPORATE DIRECT (EUROPE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORPORATE DIRECT (EUROPE) LIMITED YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Corporate Direct (Europe) Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 FRS 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 profit for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - 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 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 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

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.

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. 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: Obtained an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework; Assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur; Ensured whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations; Gained clear understanding of the entity's current activities, the scope of its authorisation and confirmed the effectiveness of its control environment where the entity is a regulated entity; As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also: - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors. - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

David Butterworth

(Senior Statutory Auditor)

For and on behalf of

Wheawill & Sudworth Limited

Chartered Accountants & statutory auditor

35 Westgate

Huddersfield

HD1 1PA

7 September 2022

CORPORATE DIRECT (EUROPE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	22,497,824	29,626,195
Cost of sales		(18,034,728)	(22,675,796)
Gross profit		4,463,096	6,950,399
Distribution costs		(332,536)	(416,877)
Administrative expenses		(2,777,715)	(3,256,520)
Other operating income	5	–	9,715
Operating profit	6	1,352,845	3,286,717
Other interest receivable and similar income	10	33	556
Interest payable and similar expenses	11	(24,863)	(27,683)
Profit before taxation		1,328,015	3,259,590
Tax on profit	12	(268,145)	(625,529)
Profit for the financial year and total comprehensive income		1,059,870	2,634,061

All the activities of the company are from continuing operations.

CORPORATE DIRECT (EUROPE) LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	284,835	357,746
Current assets			
Stocks	15	5,022,347	3,541,443
Debtors	16	3,825,182	4,136,325
Cash at bank and in hand		398,936	635,195
		9,246,465	8,312,963
Creditors: amounts falling due within one year	17	(5,822,196)	(5,125,118)
Net current assets		3,424,269	3,187,845
Total assets less current liabilities		3,709,104	3,545,591
Provisions	18	(55,723)	(52,080)
Net assets		3,653,381	3,493,511
Capital and reserves			
Called up share capital	22	50,000	50,000
Profit and loss account	23	3,603,381	3,443,511
Shareholders funds		3,653,381	3,493,511

These financial statements were approved by the board of directors and authorised for issue on 7 September 2022 , and are signed on behalf of the board by:

P A Baxter

Director

Company registration number: 02946493

CORPORATE DIRECT (EUROPE) LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2020		50,000	2,599,944	2,649,944
Profit for the year			2,634,061	2,634,061
		-----	-----	-----
Total comprehensive income for the year		—	2,634,061	2,634,061
Dividends paid and payable	13	—	(1,790,494)	(1,790,494)
		-----	-----	-----
Total investments by and distributions to owners		—	(1,790,494)	(1,790,494)
At 31 December 2020		50,000	3,443,511	3,493,511
Profit for the year			1,059,870	1,059,870
		-----	-----	-----
Total comprehensive income for the year		—	1,059,870	1,059,870
Dividends paid and payable	13	—	(900,000)	(900,000)
		-----	-----	-----
Total investments by and distributions to owners		—	(900,000)	(900,000)
		-----	-----	-----
At 31 December 2021		50,000	3,603,381	3,653,381
		-----	-----	-----

CORPORATE DIRECT (EUROPE) LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Cash flows from operating activities		
Profit for the financial year	1,059,870	2,634,061
<i>Adjustments for:</i>		
Depreciation of tangible assets	114,169	93,784
Government grant income	—	(9,715)
Other interest receivable and similar income	(33)	(556)
Interest payable and similar expenses	24,863	27,683
Tax on profit	268,145	625,529
<i>Changes in:</i>		
Stocks	(1,480,904)	391,324
Trade and other debtors	311,143	(52,512)
Trade and other creditors	1,625,013	(1,272,778)
Cash generated from operations	1,922,266	2,436,820
Interest paid	(24,863)	(27,683)
Interest received	33	556
Tax paid	(822,437)	(260,127)
Net cash from operating activities	1,074,999	2,149,566
Cash flows from investing activities		
Purchase of tangible assets	(41,258)	(373,739)
Net cash used in investing activities	(41,258)	(373,739)
Cash flows from financing activities		
Proceeds from loans from group undertakings	—	370,000
Repayments of loans from group undertakings	(370,000)	—
Government grant income	—	9,715
Dividends paid	(900,000)	(1,790,494)
Net cash used in financing activities	(1,270,000)	(1,410,779)
Net (decrease)/increase in cash and cash equivalents	(236,259)	365,048
Cash and cash equivalents at beginning of year	635,195	270,147
Cash and cash equivalents at end of year	398,936	635,195

CORPORATE DIRECT (EUROPE) 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 England and Wales. The address of the registered office is Beswick House, Green Fold Way, Leigh, Greater Manchester, WN7 3XT.

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 historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

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 for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. 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. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably. Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Taxation

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.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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:

Short leasehold property	-	over period of lease
Plant and machinery	-	10% and 20%
Fixtures and fittings	-	20% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	33% 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. Cost is based on the cost of purchase on a first in, first out basis.

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.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment. Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

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	20,744,448	27,373,378
Rendering of services	1,753,376	2,252,817
	22,497,824	29,626,195

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021	2020
	£	£
United Kingdom	20,813,502	28,087,402
Overseas	1,684,322	1,538,793
	22,497,824	29,626,195

5. Other operating income

	2021	2020
	£	£
Government grant income	—	9,715

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Depreciation of tangible assets	114,169	93,784
Impairment of trade debtors	4,370	35,974
Research and development expenditure written off	16,920	—
Foreign exchange differences	14,655	(18,365)
Operating lease expense - land and buildings	109,770	93,409
Operating lease expense - motor vehicles	40,205	42,768

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	7,000	7,000

8. Staff costs

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

	2021	2020
	No.	No.
Administrative staff	13	12
Number of warehouse staff	9	9
Number of marketing staff	2	2
Number of sales staff	12	12
	-----	-----
	36	35
	-----	-----

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

	2021	2020
	£	£
Wages and salaries	1,399,458	1,703,924
Social security costs	161,210	202,278
Other pension costs	90,701	185,848
	-----	-----
	1,651,369	2,092,050
	-----	-----

9. Directors' remuneration

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

	2021	2020
	£	£
Remuneration	331,507	427,270
Company contributions to defined contribution pension plans	16,120	17,542
	-----	-----
	347,627	444,812
	-----	-----

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

	2021	2020
	No.	No.
Defined contribution plans	2	2
	-----	-----

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

	2021	2020
	£	£
Aggregate remuneration	186,755	238,434
Company contributions to defined contribution pension plans	10,000	13,167
	-----	-----
	196,755	251,601
	-----	-----

10. Other interest receivable and similar income

	2021	2020
	£	£
Interest on bank deposits	33	556
	-----	-----

11. Interest payable and similar expenses

	2021	2020
	£	£
Other interest payable and similar charges	24,863	27,683
	-----	-----

12. Tax on profit

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax expense	264,502	581,600
Deferred tax:		
Origination and reversal of timing differences	3,643	43,929
Tax on profit	268,145	625,529

Reconciliation of tax expense

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

	2021 £	2020 £
Profit on ordinary activities before taxation	1,328,015	3,259,590
Profit on ordinary activities by rate of tax	252,323	619,322
Effect of expenses not deductible for tax purposes	19,893	3,070
Effect of capital allowances and depreciation	(4,071)	3,137
Tax on profit	268,145	625,529

13. Dividends

	2021 £	2020 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	900,000	1,790,494

14. Tangible assets

	Short leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 1 Jan 2021	154,075	484,794	161,129	8,324	106,269	914,591
Additions	—	33,728	1,164	—	6,366	41,258
At 31 Dec 2021	154,075	518,522	162,293	8,324	112,635	955,849
Depreciation						
At 1 Jan 2021	81,493	319,239	76,410	8,324	71,379	556,845
Charge for the year	19,705	54,103	21,225	—	19,136	114,169
At 31 Dec 2021	101,198	373,342	97,635	8,324	90,515	671,014
Carrying amount						
At 31 Dec 2021	52,877	145,180	64,658	—	22,120	284,835
At 31 Dec 2020	72,582	165,555	84,719	—	34,890	357,746

15. Stocks

	2021	2020
	£	£
Finished goods and goods for resale	5,022,347	3,541,443

16. Debtors

	2021	2020
	£	£
Trade debtors	3,219,818	3,590,779
Amounts owed by group undertakings	38,388	1,290
Prepayments and accrued income	529,873	517,493
Corporation tax repayable	28,553	—
Other debtors	8,550	26,763
	3,825,182	4,136,325

Included within trade debtors are factored debts amounting to £2,761,499 (2020: £2,958,650). The group debtors and £3,150 (2020: £8,550) of the other debtors are recoverable after 31 December 2022.

17. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	3,184,217	3,092,915
Amounts owed to group undertakings	—	370,000
Accruals and deferred income	110,519	50,952
Corporation tax	—	557,935
Social security and other taxes	299,714	731,008
Invoice finance facility	2,227,746	312,227
Other creditors	—	10,081
	5,822,196	5,125,118

The invoice finance facility is secured by a fixed and floating charge on the assets of the company .

18. Provisions

	Deferred tax (note 19) £
At 1 January 2021	52,080
Additions	3,643
At 31 December 2021	55,723

19. Deferred tax

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

	2021	2020
	£	£
Included in provisions (note 18)	55,723	52,080

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

	2021	2020
	£	£
Accelerated capital allowances	55,723	52,080

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution pension plans was £ 90,701 (2020: £ 185,848).

21. Government grants

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

	2021	2020
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	—	9,715
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22. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £ 1 each	50,000	50,000	50,000	50,000
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23. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

24. Analysis of changes in net debt

	At 1 Jan 2021	Cash flows	At 31 Dec 2021
	£	£	£
Cash at bank and in hand	635,195	(236,259)	398,936
Debt due within one year	(370,000)	370,000	—
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	265,195	133,741	398,936
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25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	145,319	121,393
Later than 1 year and not later than 5 years	357,490	221,074
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	502,809	342,467
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CORPORATE DIRECT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2021

26. Related party transactions

At the year end date the company was owed £38,388 by Corporate Telecommunications (UK) Limited (2020: £370,000 owed to Corporate Telecommunications UK) Limited). Corporate Telecommunications (UK) Limited is the parent company of Corporate Direct (Europe) Limited. The balance is unsecured, interest-free and repayable on demand. The parent has provided a charge over its assets in support of the company's bank facilities. At the year end date the company was owed £nil (2020: £1,290) by Gaming Headsets Limited. Gaming Headsets Limited is a wholly-owned subsidiary of Corporate Telecommunications (UK) Limited. The balance is unsecured, interest-free and repayable on demand.

27. Controlling party

The company is a wholly-owned subsidiary of Corporate Telecommunications (UK) Limited , a company incorporated in England & Wales. The ultimate controlling party of the company is P A Baxter .

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