

NTT United Kingdom Limited

Annual Report & Audited Financial Statements

**Registered Number: 1505004
For the period ended 31 March 2021**

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Strategic Report

Principal Activities

The company's principal activities are network integration, converged communications, network security, data centre and end user computing. These traditional activities continually evolve to address market trends and deliver client business value through provision of technology, professional services, support services, IT-as-a-Service (ITaaS) and managed services.

There have not been any significant changes in the company's principal activities in the period. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the foreseeable future.

Business Performance Indicators

The Board uses various financial measures to assess the financial position and overall performance of its business. These include revenue and gross profit growth, gross margin, operating profit growth, operating margin, fixed and variable overhead costs.

The Company focuses on various key performance indicators, including:

Key Performance Indicator	2021 £'000	2020 £'000	Growth %
Revenue	180,180	216,308	-16.7%
Gross Profit	34,741	45,933	-24.4%
Gross Margin	19.3%	21.2%	-1.9%
Operating Profit /(Loss)	(2,172)	(2,069)	-4.98%
Operating Margin	-1.2%	-1%	-0.2%

More details can be found in note *2.3 on page 15 of these financial statements.

Business Review

The directors are satisfied that the financial statements give a fair review of the business of the company for the financial period and of its position at 31 March 2021.

As shown in the company's statement of comprehensive income on page 11, the company's sales decreased to £180 million in the year compared to £216 million in the prior period.

Gross profit for the year was £34.7 million, a decrease of 24.4% compared to the prior year's reported results. The company continued to experience pressure on its hardware business margins as network solutions continue to become software based and associated hardware rebates declined.

Operating loss for the year was £2.2 million (2020: £2.1 million loss). Growth figures have been affected by the Covid 19 pandemic, onerous lease contracts and fixed overheads relating to licenses.

The company's financial position at the year-end is shown in the balance sheet on page 12.

Financial Risk Management Objectives & Policies

The company's activities expose it to several financial risks including Covid-19 risk, credit risk, supplier risk, currency risk, liquidity risk and other risk considerations.

Covid-19 Risk

Covid-19 pandemic has had a negative effect on the company's business in the financial year. In addition to the already known effects, the macroeconomic uncertainty has caused disruption and the longer-term impact on business is not yet known. The main risks that result from the current situation regarding Covid-19 are:

Strategic Report *(Continued)*

supply chain, distribution, work force, demand for services, liquidity, counterparty risk and regulatory risk. These uncertainties continue to be assessed by management in order to safeguard all stakeholders. We do not believe the outbreak will impact the ability of the company to continue as a going concern. Further information is given in notes on going concern.

Credit Risk

The company's principal financial assets are cash and bank balances, trade and other debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over many counterparties and customers.

Supplier Risk

The company has close and mutually beneficial partnerships with leading technology vendors. Termination of a supply or services agreement or a significant change in vendor terms or conditions of sale could negatively impact operating margins. This risk is managed by proactively maintaining sustainable terms of trade with partners and ensuring appropriate back-to-back commercial terms are in place with clients on a transactional basis.

Currency Risk

The company's sales and purchases are primarily in Great British Pounds, however the company often transacts in US dollars and it is therefore exposed to the movement in the Dollar to Pound exchange rate. The company manages this risk by either using forward exchange contracts to hedge the exposure or adjusts the price charged to the clients to take account of exchange rate fluctuations.

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses intra-group finances and has access to a bank overdraft facility. The credit risk on liquid funds is limited because the counterparties are banks.

Other Risks

Professional liability for failure to execute and deliver in accordance with client expectations may increase the risk of litigation. The company manages this risk by monitoring processes to ensure quality in delivery and project management. The company also carries general liability insurance coverage.

Failure to retain and recruit key personnel could harm the company's ability to meet key objectives. The company has implemented structured induction, career development, reward and recognition programmes.

By order of the board;



V Addo-Antoine
Director

NTT House
Waterfront Business Park
Fleet Road
Fleet
Hampshire
GU51 3QT

Date 31-Jan-2022 | 3:46 PM GMT

Directors' Report

The directors present their directors' report and financial statements for the year ended 31 March 2021.

Proposed Dividend

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

Directors

The directors who held office during the period and up to the date of this report were as follows:

P Cooper
P R Harrison – resigned 17 March 2021
D Wilcox

Subsequent to 31 March 2021 the following directors have been appointed and resigned:

V Addo-Antoine – appointed 30 April 2021
C Horner – appointed 30 April 2021
P Cooper – resigned 30 April 2021

Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

In determining whether it is appropriate to continue to adopt going concern basis due to Covid 19 Pandemic and Brexit, the directors have considered the following factors:

- The company's balance sheet position
- Funding and support provided by the company's parent company.

Further details regarding the adoption of the going concern basis can be found in note 2.2 on page 15 of these financial statements.

Significant Events

There have been no significant events during the period.

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employment Policy

NTT United Kingdom Limited seeks to engage all employees in a shared commitment to the success of its business and keeps them informed regarding the business environment and matters of concern to them. Dimension Data Holdings Limited (formerly Dimension Data Holdings Plc) operates a long-term incentive plan and offers performance-related bonus payments to encourage the participation of employees in the success of the group.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company. This is achieved through formal and informal meetings, and internal marketing communications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, certain employees receive an annual bonus related to the overall profitability of the group.

Political Contributions

There have been no political contributions during the period (2020: *£nil*).

Directors' Report *(Continued)*

Disclosure of Information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the board;

Vanessa Addo-Antoine

V Addo-Antoine
Director

NTT House
Waterfront Business Park
Fleet Road
Fleet
Hampshire
GU51 3QT

Date 31-Jan-2022 | 3:46 PM GMT

Statement of Directors' Responsibilities in respect of the Annual Report. The Strategic Report, The Directors' Report and the Financial Statements

The directors are responsible for preparing the Annual report, Strategic Report, the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure 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 state of affairs of the company and of 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT UNITED KINGDOM LIMITED

Opinion

We have audited the financial statements of NTT United Kingdom Limited ("the company") for the year ended 31 March 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring with management and directors if they have knowledge of any actual, suspected or alleged fraud.
- Inspecting policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing"
- Obtaining board minutes and summarising impact on the audit
- Considering remuneration incentive schemes and performance targets for management
- Using analytical procedures to identify any unusual or unexpected relationships

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We performed below procedures to address the fraud risks

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT UNITED KINGDOM LIMITED *(Continued)*

To address the risk of management override of controls, we identified journal entries to be tested based on high risk criteria and comparing the identified entries to supporting documentation. These included those posted to unrelated accounts, those posted by Senior management and entries posted without an identified poster or reviewer.

To address the risk related to fraudulent revenue, we disaggregated revenue streams and tested each stream using sampling procedures.

No other fraud risks were identified.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, data protection and privacy laws and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

Other information

The directors are responsible for the other information, which comprises the strategic report, the directors' report and *identify the additional "other information" included in the annual report*. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT UNITED KINGDOM LIMITED *(Continued)*

- 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Natalia Bottomley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom
31 January 2022

Statement of Comprehensive Income
for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Revenue	4	180,180	216,308
Cost of sales		<u>(145,439)</u>	<u>(170,375)</u>
Gross Profit		34,741	45,933
Administrative Expenses		<u>(36,913)</u>	<u>(48,002)</u>
Operating Loss	5	(2,172)	(2,069)
Interest receivable and similar income	6	33	391
Interest payable and similar charges	7	<u>(549)</u>	<u>(339)</u>
Loss on Ordinary Activities before Taxation		(2,688)	(2,017)
Tax charge on profit on ordinary activities	10	<u>195</u>	<u>185</u>
Loss for the Financial Year		(2,493)	(1,832)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Employee benefits	9	1,129	1,474
Tax credit (charge) on other comprehensive income	17	<u>32</u>	<u>(211)</u>
Other Comprehensive Income of the Period, Net of Income Tax		1,161	1,263
Total Comprehensive Loss for the Period		(1,332)	(569)

All the company's activities for the current and the preceding periods are derived from continuing activities.

The notes on pages 14 to 32 form part of these financial statements.

Statement of Financial Position

for the year ended 31 March 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-Current Assets:					
Property and equipment	11		15,735		2,017
Right-of-use assets	12		7,704		8,835
Intangible assets	13		411		165
Pension defined benefit provision	9		1,167		1,215
Long-term debtors	16		21,715		8,968
			<u>46,732</u>		<u>21,200</u>
Current Assets:					
Inventories	15	5,273		8,264	
Debtors	16	144,905		86,705	
Cash and cash equivalents		<u>35,514</u>		<u>22,833</u>	
		<u>185,692</u>		<u>117,802</u>	
Creditors: Amounts Falling due Within One Year	18	<u>(130,976)</u>		<u>(76,659)</u>	
Net Current Assets			<u>54,716</u>		<u>41,143</u>
Total Assets less Current Liabilities			<u>101,448</u>		<u>62,343</u>
Creditors: Amounts falling due After One Year	18		<u>(59,598)</u>		<u>(13,580)</u>
Provisions for Liabilities:					
Dilapidation provision		(1,502)		(1,876)	
			<u>(1,502)</u>		<u>(1,876)</u>
Net Assets			<u><u>40,348</u></u>		<u><u>46,887</u></u>
Capital & Reserves:	19				
Called-up share capital			1		1
Share premium account			23,381		23,381
Capital Reserves	3		(5,207)		-
Other reserves			1,480		319
Profit and loss account			<u>20,693</u>		<u>23,186</u>
Shareholders' Funds			<u><u>40,348</u></u>		<u><u>46,887</u></u>

The notes on pages 14 to 32 form part of these financial statements.

These financial statements were approved by the board of directors on 31 January 2022 and were signed on its behalf by:

Vanessa Addo-Antoine

V Addo-Antoine
Director

Company Registered Number: 1505004

Statement of Changes in Equity

for the year ended 31 March 2021

	Notes	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Profit & Loss Account £'000	Total Equity £'000
At 31 March 2019		1	23,381	(944)	25,018	47,456
Profit for the period		-	-	-	(1,832)	(1,832)
Actuarial (gain) / loss	9	-	-	1,412	-	1,412
Deferred tax (credit) / charge		-	-	(211)	-	(211)
Share-based payment		-	-	62	-	62
At 31 March 2020		1	23,381	319	23,186	46,887
Loss for the period		-	-	-	(2,493)	(2,493)
Actuarial (gain) / loss	9	-	-	(166)	-	(166)
Deferred tax (credit) / charge		-	-	32	-	32
Capital Reserves from NTTE purchase	3	-	-	(5,207)	-	(5,207)
Share-based payment		-	-	1,295	-	1,295
At 31 March 2021		1	23,381	(3,727)	20,693	40,348

The notes on pages 14 to 32 form part of these financial statements.

Notes

The accompanying notes forming part of the financial statements

1 Company Information

NTT United Kingdom Limited (the "Company") is a private company incorporated, domiciled and registered in the United Kingdom. The registered number is 1505004 and the registered address is NTT House, Waterfront Business Park, Fleet Road, Fleet, Hampshire GU51 3QT, United Kingdom.

The functional currency of the Company is Great British Pounds (GBP).

The following accounting policies have been applied consistently to all periods in dealing with items which are considered material in relation to the financial statements, except as noted below.

2 Significant Accounting Policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). These financial statements are prepared under the historical cost convention except that the following assets and liabilities are stated at their fair value:

2.1 Derivative financial instruments

The company makes use of foreign currency forward contracts to hedge its foreign exchange risks associated with firm commitments and certain future transactions but does not use derivative financial instruments for speculative purposes. These derivative instruments are recorded at fair value and revalued at each reporting date determined indirectly using observable market inputs.

In preparing the financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantages of the FRS101 disclosure exemptions has been taken:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Dimension Data Holdings Limited (immediate parent company) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the certain disclosure required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The company has not prepared consolidated financial statements with respect to its investments and holdings as it qualifies as an exempt company under Section 400 of the Companies Act 2006, being an intermediary subsidiary company within the Nippon Telegraph and Telephone Corporation group. Consequently, the company's financial statements present information about it as an individual undertaking and not about its group. The company's financial statements are consolidated in the financial statements of its immediate parent company Dimension Data Holdings Limited and ultimately consolidated in the financial statements of Nippon Telegraph and Telephone Corporation and these financial statements can be obtained from the address given in note 20.

As the Company is a wholly owned subsidiary of Nippon Telegraph and Telephone Corporation, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Notes *(Continued)*

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

2.2 Going Concern

As shown in the company's profit and loss account, the company's gross profit for the period was £35 million, a decrease of 24.4% against the previous reporting period. Net asset value at balance sheet date was £40 million versus £47 million in the previous reporting period.

The company has sufficient liquid funds available to meet its day to day working capital requirements. This facility has been negotiated by the immediate parent company and is available across the group. The current economic conditions create uncertainty particularly over the exchange rate between sterling and US dollar for the cost of the company's products and services.

The Company has assessed the principal risks and other matters, including the impact of the COVID-19 pandemic on its operations, at the reporting date and at the date of approval of the financial statements. In doing so management considered the company's forecasts and projections for a period of 12 months from the date of approval of these financial statements, taking account of reasonably possible downsides (including changes in trading performance, deterioration in collection of receivables, significant contract loss), which indicate that the company should be able to operate within the level of its available liquid funds.

Based on the above the directors consider that the company has adequate resources to operate as a going concern for the foreseeable future and accordingly the accounts have been prepared on this basis.

2.3 Revenue

Revenue represents the total invoice value, of goods sold and services rendered during the period, in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

The company also enters into multiple-element arrangements which may include any combination of hardware, consulting and technical services and subsequent support services. In these transactions the company allocates the total revenue to be earned among the various elements based on their relative fair value. Revenue is then recognised on each element as set out below.

Turnover from the sale of goods and services is recognised when or as it satisfies a performance obligation by transferring goods or services to the customer, either at a point in time or over time. A good or service is transferred when the customer obtains control of it. Turnover reflects what the company expects to be entitled to in exchange for transferring those products or services. Turnover from the supply of services, represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration.

Maintenance and support services revenue is recognised over the relevant contract periods. Consideration for maintenance contracts paid in advance by customers is recognised as 'contract liabilities' in the balance sheet. Revenue relating to these maintenance contracts is recognised on a straight-line basis over the relevant period of the contract.

For fixed price consulting or technical service contracts, revenue is recognised by reference to the stage of completion of the contract activity. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

Notes (Continued)

2.4 Property and Equipment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets.

The estimated useful lives are as follows:

Leasehold Improvements	10% on cost
Computer Equipment	10–33% on cost
Fixtures & Fittings	13–33% on cost

Residual value is calculated on prices prevailing at the date of acquisition. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.5 Investments

The investments in subsidiaries are held at cost, including estimated deferred consideration, less provision for impairment. Their value is reviewed annually by the directors and provision is made for any impairment identified.

2.6 IFRS 16 - Leases

The right-of-use assets are measured at cost, which is made up of the lease liability, any initial direct costs incurred by the company, an estimate of costs to dismantle and remove the asset at end of the lease and any lease payments made in advance of lease commencement date (net of any incentive received).

The company depreciates the right-of-use assets on a straight-line basis from adoption date to earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the transition date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. The incremental borrowing rate used for the new leases is 1.75% (2020:2.02%).

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2.7 Finance Costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

2.8 Bank Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes *(Continued)*

2.9 Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The company uses derivative financial instruments (primarily foreign currency forward contracts) to reduce exposure to foreign exchange movements. The company does not hold or issue derivative financial instruments for speculative purposes.

2.10 Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurement arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Share-Based Payments

Instruments are issued to certain employees under a Long-Term Incentive Plan (LTIP) scheme and vest if participants remain in the employment of the Group for a defined service period and specific performance conditions are met.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is estimated by making appropriate provision against the cost of stocks to reflect changes in market technology and the expected duration of the relevant maintenance contracts that the Company is required to support.

2.12 Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Notes *(Continued)*

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

2.13 Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material provisions are discounted.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Notes *(Continued)*

Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. Debt instruments classified as amortised cost, financial assets are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the

effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 Intangible assets

Intangible assets represent fair value of identifiable assets purchased and represent software licences which are amortised over their useful life of 3-5 years.

2.16 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the

Notes *(Continued)*

contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.17 Cash and cash equivalents

Guarantees given by NTT United Kingdom Limited (formerly known as Dimension Data Network Services Limited) to HSBC are shown as:

SECURITIES

Composite Company Unlimited Multilateral Guarantee dated 09 August 2006 given by Dimension Data Network Services and Dimension Data Holdings Plc

Composite Company Unlimited Multilateral Guarantee dated 21 February 2006 given by NTT United Kingdom and Dimension Data Advanced Infrastructure Limited

3 Business Combinations – entity as an acquirer

NTT United Kingdom Ltd has at year ended 31 March 2021 acquired the balance sheet of NTT Europe Limited branches of the United Kingdom and UAE in cash. The primary reason for this strategic move is to bring together regions of the UK & Ireland and Europe to retain unity and alignment post Brexit to ensure we support the critical needs of our clients around the region.

The fair value of NTT Europe Ltd (UK & UAE Branch) as at the date of acquisition is £51,047,922.

3.2 Business Combinations - Deferred Tax benefit

A deferred tax asset of £7,749,994 is recognised as part of the business combination. The original transfer value was £7,940,440 and may be adjusted to reflect this once the final tax computations have been completed for NTT Europe (United Kingdom and UAE Branches).

Notes *(Continued)***3.3 The following assets and liabilities were recognised at the acquisition date**

	Notes	2021 £'000	2021 £'000
Non-Current Assets:			
Property and equipment	11		13,956
Intangible assets	13		305
			<u>14,261</u>
Current Assets:			
Inventories	15	1,370	
Debtors	16	77,459	
Cash and cash equivalents		<u>4,696</u>	
		83,525	
Creditors: Amounts Falling due Within One Year	18	<u>(51,945)</u>	
Net Current Assets			<u>31,580</u>
Total Assets less Current Liabilities			<u>45,841</u>
Creditors: Amounts falling due After One Year	18		<u>(51,048)</u>
Net Assets (fair value)			<u><u>(5,207)</u></u>

Notes *(Continued)***4 Revenue**

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2021	2020
	£'000	£'000
Primary Geographical Market:		
United Kingdom	137,998	162,231
Europe	20,875	30,283
Rest of World	21,307	23,794
	<u>180,180</u>	<u>216,308</u>
By Activity:		
Network Integration Products and Services	87,024	119,685
IT Security Products and Services	41,926	38,782
Communications and Data Centre Products and Services	51,230	57,841
	<u>180,180</u>	<u>216,308</u>
Timing of Transfer of Goods or Services		
At a point in time	110,968	133,218
Over time	69,212	83,090
	<u>180,180</u>	<u>216,308</u>

Notes *(Continued)***5 Operating Profit & Auditor's Remuneration**

	2021 £'000	2020 £'000
Included in Operating Profit are the Following:		
Depreciation of tangible fixed assets (owned)	662	697
Depreciation of intangible fixed assets (owned)	71	15
Depreciation right-of-use assets	1,568	1,874
Onerous lease provision	625	1,648
(Gain) / Loss arising on foreign currency transactions	(1,389)	974
	<u>1,537</u>	<u>5,208</u>
Auditor's Remuneration:		
Audit of these financial statements	<u>231</u>	<u>150</u>
	<u>231</u>	<u>150</u>

No other services were provided by the auditor during the period.

6 Interest Receivable & Similar Income

	2021 £'000	2020 £'000
Other interest receivable	<u>33</u>	<u>391</u>
	<u>33</u>	<u>391</u>

7 Interest Payable & Similar Charges

	2021 £'000	2020 £'000
Bank interest paid	337	97
Other Interest	<u>212</u>	<u>242</u>
	<u>549</u>	<u>339</u>

Notes *(Continued)***8 Information on Directors & Employees**

	2021 £'000	2020 £'000
Staff Costs (including Directors)		
Wages and salaries (including commissions)	32,449	32,888
Social security costs	3,953	3,593
Pension Costs	2,194	1,950
Share-based payment expense	1,753	234
Redundancy costs	616	121
	<u>40,965</u>	<u>38,786</u>

The average number of persons employed (including directors) by the company during the year was made up as follows:

	2021	2020
Employees:		
Sales and marketing	94	94
Network design, installation, service and support	235	215
Operations, procurement and warehousing	137	130
Management and administration	62	54
	<u>528</u>	<u>493</u>

	2021 £'000	2020 £'000
Directors' Emoluments:		
Salary and benefits	414	382
Value of shares under long term incentive schemes	116	200
Contributions to money purchase pensions scheme	16	16
	<u>546</u>	<u>598</u>

Emoluments in respect of highest paid Director:

	2021	2020
Salary and benefits	235	231
Value of shares under long term incentive schemes	104	163
Contributions to money purchase pensions scheme	9	8
	<u>348</u>	<u>402</u>

	2021	2020
Number of directors of whom retirement benefit accrued under a money purchase scheme.	2	2

The directors are also directors of other companies in the group.

Notes *(Continued)***9 Employee Benefits****Defined Benefit Plans**

	2021 £'000	2020 £'000
Change in benefit obligation:		
Benefit obligation at the beginning of period	11,463	13,038
Interest cost	262	324
Actuarial loss/(gain) (remeasurement)	2,049	(1,585)
Benefits paid	(161)	(314)
Benefit obligation at End of Period	13,613	11,463
Change in Plan Assets:		
Fair value of plan assets at the beginning of period	12,678	12,845
Expected return on plan assets	290	320
Actuarial gain/(loss)	1,883	(173)
Employer contribution	90	-
Benefits paid	(161)	(314)
Fair Value of Plan Assets at end of Period	14,780	12,678
Funded status	1,167	1,215
Net Amount Recognised	1,167	1,215
Composition of Plan Asset Fair Values:		
Equities	5,387	3,909
Index linked gilts	101	172
Corporate bonds	9,292	8,598
Total	14,780	12,679
Significant Actuarial Assumptions:	%	%
Discount rate	2.2	2.3
Rate of compensation increase	n/a	n/a
Rate of increase of pension in payment	3.0	2.4
Rate of increase of pension in deferment	2.4	1.7
Inflation	3.1	2.4
Life expectation for pensioners at the age of 65 Years		
Male pensioner aged 65	21.9	21.8
Male non-pensioner aged 45	23.3	23.2
Female pensioner aged 65	24.2	24.1
Female non-pensioner aged 45	25.6	25.6

Notes (Continued)**Share-Based Payments**

Instruments under a Long-Term Incentive Plan (LTIPs) are issued to certain employees and vest if participants remain in the employment of the Group for a defined service period and specific performance conditions are met.

Equity Settled Long Term Incentive Plans

	2021 £'000	2020 £'000
Opening reserve for equity settled LTIP awards	268	206
Charged to profit or loss	1,753	234
Settled in the period	(142)	(172)
Closing reserve for equity settled LTIP awards	<u>1,879</u>	<u>268</u>

All schemes are equity-settled and are reflected at fair value at the date of grant and expensed on a straight-line basis over the vesting period, subject to the Group's estimate of the proportion of the instruments which will eventually vest. This estimate is performed at each reporting period date.

	Grant date fair value per instrument	Grant date fair value per instrument	Grant date fair value per instrument	Number of LTIP instruments
	31 March 2021 United States Dollar \$	31 March 2021 Japanese Yen ¥	31 March 2021 Equivalent GBP £	31 March 2021 '000
Award				
LTIP 2019	\$1.59	N/A	£1.16	138
Restricted Share Unit 2019	N/A	2,272	£14.95	150
Performance Share Unit 2020	N/A	2,521	£16.59	61
Performance Share Unit 2021	N/A	2,852	£18.77	123

During the period LTIP 2018 was settled an exercise price of \$1.84. The value of \$176,000 (£142,000) was paid to employees in the form of equity shares in the Company's ultimate parent Nippon Telegraph and Telephone Corporation.

Notes *(Continued)***10 Tax on Profit on Ordinary Activities**

	2021	2020
	£'000	£'000
Current Tax		
Current tax on profits for the year	-	-
Adjustment in respect of prior years	-	(725)
Foreign tax suffered	<u>96</u>	<u>43</u>
Total current tax charge / (credit) for the year	96	(682)
Deferred Tax		
Current year	(418)	569
Adjustment in respect of previous periods	127	30
Effect of changes in tax rates	<u>-</u>	<u>(102)</u>
Total deferred tax for the year	(291)	497
Tax (credit)/charge on profits on ordinary activities	<u>(195)</u>	<u>(185)</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021	2020
	£'000	£'000
Profit / (Loss) on ordinary activities before tax	(2,688)	(2,017)
Tax on loss at standard UK tax rate of 19.00%	<u>(511)</u>	<u>(383)</u>
	(511)	(383)
Effects of:		
Adjustment in respect of prior years	127	(696)
Expenses not deductible	14	372
Income not taxable	(3)	-
Tax rate changes	-	(102)
Effects of overseas tax rates	78	35
Share options	(52)	-
Recognition of tax losses previously unrecognised	152	-
Change in unrecognised deferred tax assets	<u>-</u>	<u>589</u>
	316	198
Total tax charge/(credit) for the period	<u>(195)</u>	<u>(185)</u>

Notes (Continued)**11 Tangible Fixed Assets**

	Leasehold Improvement £'000	Computer Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 31 March 2020	687	4,722	962	6,371
Additions in year	-	432	-	432
NTT Europe assets	2,629	42,536	1,160	46,325
Disposals	(6)	(147)	-	(153)
At 31 March 2021	3,310	47,543	2,122	52,975
Depreciation				
At 31 March 2020	(298)	(3,486)	(570)	(4,354)
Charge for the year	(100)	(442)	(120)	(662)
NTT Europe assets	(969)	(30,282)	(1,119)	(32,370)
Disposals	-	146	-	146
At 31 March 2021	(1,367)	(34,064)	(1,809)	(37,240)
Net book value				
At 31 March 2021	1,943	13,479	313	15,735
At 31 March 2020	389	1,236	392	2,017

12 IFRS 16 Right-of-use Asset

	£'000
Cost	
At 31 March 2020	13,853
Additions in year	551
Revaluation	(374)
Disposals	-
At 31 March 2021	14,030
Depreciation	
At 31 March 2020	(5,018)
Revaluation	529
Charge for the year	(1,568)
Onerous lease impairment	(625)
Disposals	356
At 31 March 2021	(6,326)
Net book value	
At 31 March 2021	7,704
At 31 March 2020	8,835

Notes *(Continued)***13 Intangible Assets (Licences)**

	£'000
Cost	
At 31 March 2020	180
Additions in year	12
Disposals	-
NTT Europe Assets	1,575
At 31 March 2021	<u>1,767</u>
Depreciation	
At 31 March 2020	(15)
Charge for the year	(71)
Disposals	-
NTT Europe Assets	(1270)
At 31 March 2021	<u>(1,356)</u>
Net book value	
At 31 March 2021	<u>411</u>
At 31 March 2020	<u>165</u>

14 Investments

The company held the following investments at 31 March 2021.

Company Name	Country of Incorporation	Holding	Type of Shares
Dimension Data Communications UK Trustee Limited	Great Britain	100%	Ordinary

Dimension Data Communications Trustees' registered office is Darwin House, Birmingham Road, Lichfield, Staffordshire, WS14 0QP.

Notes *(Continued)***15 Inventories**

	2021 £'000	2020 £'000
NTT Europe Stock take on	1,370	-
Finished goods and goods for resale	2,893	7,511
Maintenance contract stocks	1,010	753
	<u>5,273</u>	<u>8,264</u>

The cost of the above stock items is not considered to be materially different to the net replacement value.

16 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Trade debtors	68,981	63,528
Amounts owed by other group companies	49,343	5,238
Other debtors	5,500	1,615
Prepayments	4,037	4,050
Contract assets	14,942	10,216
Deferred tax asset	215	215
Corporation tax recoverable	1,887	1,843
	<u>144,905</u>	<u>86,705</u>
 Amounts falling due longer than one year		
Prepayments	4,165	4,897
Trade debtors	9,016	3,611
Deferred tax asset	8,534	460
	<u>21,715</u>	<u>8,968</u>

Prepayments represent the payments made to suppliers for support services not yet performed at the reporting date. The company recognises these costs over the period defined by the support contracts.

Contract assets represent earned maintenance income on service and support contracts in advance of invoice.

Notes (Continued)**17 Deferred Tax Asset**

	2021 £'000	2020 £'000
Provision at start of period	(1,378)	(1,382)
Adjustment in respect of prior years	830	22
Deferred tax to Income Statement for the period	(418)	213
Deferred tax charge in Other Comprehensive Income for the period	(32)	(231)
Movement arising from transfer of trade NTTE	(7,750)	-
Provision at end of period	<u>(8,748)</u>	<u>(1,378)</u>
Fixed assets	(8,344)	(927)
Temporary differences trading	(397)	(451)
R&D Expenditure credit	(7)	-
	<u>(8,748)</u>	<u>(1,378)</u>

18 Creditors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Trade creditors	23,809	22,379
Amounts owed to group undertakings	20,671	7,498
Corporation tax	502	-
Taxation and social security	3,721	1,410
Accruals	32,000	10,226
Other creditors	18,571	10,987
Deferred Income	28,047	-
Contract liabilities	1,667	22,384
Lease liabilities	1,988	1,775
	<u>130,976</u>	<u>76,659</u>

Contract liabilities represents unearned maintenance income on service and support contracts. The company recognises service revenue over the period of service delivery as defined by each contract. The total value of contract liabilities recognised at the beginning of the year was recognised in revenue during the year. Contract liabilities recognised at the end of the year represent further prepayments from customers in advance of work completed during the year.

Accruals include a defined contribution pension scheme accrual of £373,344 (2020: £362,419).

Notes (Continued)

The borrowings at the balance sheet date are unsecured. Intergroup creditors include non-interest-bearing short-term balances.

	2021 £'000	2020 £'000
Amounts falling due after one year		
Lease liabilities	7,132	8,584
Contract liabilities	1,418	4,996
Loan Notes	51,048	-
	59,598	13,580

19 Share Capital

	2021 £'000	2020 £'000
Allotted, called-up and fully paid:		
14,799 ordinary shares of 1p each	1	1

20 Immediate & Ultimate Parent Company & Ultimate Controlling Party

NTT United Kingdom Limited is a wholly owned subsidiary of NTT United Kingdom Holdings Limited. NTT United Kingdom Holdings Limited is a wholly owned subsidiary of Dimension Data Holdings Limited.

Copies of the group financial statements of Dimension Data Holdings Limited are available from NTT House, Waterfront Business Park, Fleet Road, Fleet, Hampshire, GU51 3QT.

Dimension Data Holdings Limited is a wholly owned subsidiary of Nippon Telegraph and Telephone Corporation.

Nippon Telegraph and Telephone Corporation, a company incorporated in Japan is the parent undertaking of the largest group which includes the company and for which financial statements are prepared. The smallest group in which they are consolidated is that headed by Dimension Data Holdings Limited.

Copies of the group financial statements of Nippon Telegraph and Telephone Corporation are available from the Head Office at 3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 1004-8116, Japan.

21 Subsequent events

There are no subsequent events