

Registration number: 02182174

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# Black Box Network Services (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2022

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## **Black Box Network Services (UK) Limited**

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## **Black Box Network Services (UK) Limited**

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### **Company Information**

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#### **Directors**

B R Fisher

M P Thomas

B C Tobin

A R J van der Wit

#### **Registered office**

3 Bennet Court

Bennet Road

Reading

Berkshire

RG2 0QX

#### **Auditors**

KNAV Limited

Statutory Auditors

Hygeia Building

Ground Floor

66-68 College Road

Harrow

Middlesex

HA1 1BE

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## Black Box Network Services (UK) Limited

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### Strategic Report for the Year Ended 31 March 2022

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The directors present their strategic report for the year ended 31 March 2022.

#### Principal activities

The Company's principal activities fall into two service sectors:

#### Technology Product Solutions

The sale of data communication, structured cabling and telephony products through our catalogues and online.

#### Global Solutions Integration

The Black Box Global Solutions Integration ('GSI') business focuses on industry-specific designs, global deployment, managed services, wireless/mobility, UC & C and structured cabling solutions at the intelligent digital edge. The Black Box digital business strategy gives customers the flexibility, bandwidth and support customers need to not only be prepared for today's I.T, but also remain secure and future-facing as IoT continues to expand and networks become essential to customers' success.

#### Fair review of the business

The Company's strategy is to remain focused on its core markets and to achieve organic growth.

During the fiscal year, the focus for Global Solutions Integration services was to grow revenues across the existing customer base as well as to develop new accounts (79% of total revenue). For Technology Product Solutions the focus remained on generating stable recurring revenue from the retail of network components product sales (21% of total revenue).

In both segments, the turnover has increased compared to the previous year. Global Solutions Integration services by 54% and Technology Product Solutions by 21%. The GP percentages have increased within the 5% range.

The Company has not made any political and charitable contributions during the year.

There are no dividends proposed during the year by the Company.

#### Financial Key performance Indicators

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Company by reference to the following KPIs:

	31-Mar-22	31-Mar-21
Turnover (£)	14,122,099	9,692,330
Profit/(Loss) after tax (£)	(47,527)	(307,985)

## **Black Box Network Services (UK) Limited**

### **Strategic Report for the Year Ended 31-March-2022 (continued)**

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#### **Principal risks and uncertainties**

##### **Covid-19**

In the last month of 2019, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity causing disturbance and slowdown in the economic activities worldwide. The world-wide impact of COVID-19 and the related economic fluctuations, geopolitical tensions and social change movements have caused many uncertainties for businesses and our communities.

Black Box is actively monitoring developments of the outbreak and is taking steps to support the health and safety of our team members and partners and to continue to ensure customers continue to receive products and services they need.

The first priority was the safety of our team members and partners. The necessary technology platform has been provided to enable working from home arrangements, access to offices has been adjusted to ensure social distancing requirements and all non-essential travel has been limited.

The next priority has been to ensure our customers continue to get the products and services they need. To support this effort, elements of the Business Continuity Plan (BCP) have been activated across all Black Box entities world wide. The Black Box BCP supports business continuance and recovery in the event of a significant business disruption such as a global pandemic. Black Box is committed to planning and preparing for these situations in order to remain operational and continue to serve our valuable clients around the world. Since the timing and impact of disasters and disruptions are unpredictable, flexibility is an important element of the plan.

The following steps have been undertaken as part of the BCP in response to COVID -19:

- Set up of dedicated, cross-functional team tasked with monitoring the situation, managing internal and external communications, and ensuring that we are able to continue supporting our customers and partners as the situation develops.
- Implementation of work-from-home procedures and remote servicing capabilities.
- Continuous coordination with partners, sub-contractors, distributors, vendors, and other suppliers to ensure a robust supply chain with a ready supply of the necessary materials and a trained workforce.
- Closely monitoring the outbreak and are taking appropriate steps, as advised by the CDC and WHO.

##### **Competition**

The market for both Technology Product Solutions and Global Solutions Integration services remains highly competitive. The Company's client base is extensive and spans all major market sectors, meaning that the Company is less reliant on one client or market sector. Despite an increase in competition via the web, our web revenue and traffic continue to rise. This is partly due to the fact that we continue to market our superior technical support services that are freely available 24/7 - we believe that this, coupled with our web presence, is a key market differentiator.

A major technological change/shift could impact or challenge demand for current products and might require increased need for R&D and specialist competence. To mitigate this risk the Black Box group operates an R&D company in Limerick, Ireland and employs a Product Management team. Product line performance forms a critical part of the business analysis.

The Directors are confident that the unique combination of premium products and infrastructure services will enable the Company to keep capitalising on the numerous market opportunities.

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## Black Box Network Services (UK) Limited

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### Strategic Report for the Year Ended 31 March 2022 (continued)

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#### Financial instruments

##### *Price risk, credit risk, liquidity risk and cash flow risk*

###### Currency risk

The Company makes sales and purchases in three currencies, GB Pounds (£), US Dollars (\$) and Euros (€). The Company naturally hedges any foreign exchange as a result of maintaining sufficient cash in the respective currencies. Any surplus currencies are remitted to the parent company, Black Box Corporation of Pennsylvania.

###### Credit risk

The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements and ageing of debt. Year-end trade debtors represent 50 days' average sales.

###### Liquidity and cash flow risk

For the majority of suppliers to the Company, payments are made between 30 and 60 days from the date of invoice. Payment terms are agreed with suppliers as part of the overall terms of the transaction. Year-end creditors represent 20 days average purchases and expenses.

#### Future developments

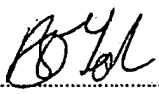
The impact of COVID-19 continues to be a factor to consider. Although the lockdowns have eased and the world has adapted to new ways of operating, the uncertainty still remains.

For the Technology Product Solutions business, a critical factor remains the continuation of central EMEA operations, logistics and support functions with no significant disruptions and continuous deliveries of products to our customers. With impact of COVID -19 lockdowns and restrictions easing, the new challenges come from the global transportation problems and the shortage of raw materials and components, which negatively affects the lead times and some of the product availability. Global operations team is focusing on sourcing the products earlier, finding the most efficient transportation methods to control the freight costs and working closely with the sales team towards an accurate demand planning.

For Global Solutions Integration services, the business is making significant investment in recruiting Business Development Managers to expand its customer base and service offerings. The strategy is to continue to increase its market within its core infrastructure markets and to develop further within the Data Centre, Customer Experience, Digital Experience and Edge Networking offerings. The strategy is in line with the overall Black Box Group strategy positioning the business for significant growth in the coming years. Investments are also being made in technical, engineering and supporting functions to ensure the business continues to deliver high levels of quality and service in line with customers' timelines.

The forecast for the year is a revenue growth of 9% for the Technology Product Solutions business and 60% for the Global Solutions Integration services business comparing to the previous year. With slight GP % improvements and further focus on rationalizing the administrative costs, the Company forecasts to be profitable and to remain in the position to fulfil all its financial obligations, support ongoing operations and continue as a going concern.

This report is approved by the Board on June 08, 2023 and signed on its behalf by:

  
.....  
B C Tobin  
Director

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**Black Box Network Services (UK) Limited**

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**Directors' Report for the Year Ended 31 March 2022**

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The directors present their report and the financial statements for the year ended 31 March 2022.

**Directors of the Company**

The directors who held office during the year were as follows:

B C Tobin

A R J van der Wit

R Balcune (resigned 19 April 2022)

The following directors were appointed after the year end:

B R Fisher (appointed 19 April 2022)

M P Thomas (appointed 19 April 2022)

**Future developments and financial instruments**

These items are disclosed in the Strategic Report.

**Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Reappointment of auditors**

The auditors KNAV Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report is approved by the Board on June 08, 2023 and signed on its behalf by:



.....  
B C Tobin  
Director

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## **Black Box Network Services (UK) Limited**

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### **Statement of Directors' Responsibilities**

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The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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.



## **Black Box Network Services (UK) Limited**

### **Independent Auditor's Report to the Members of Black Box Network Services (UK) Limited**

#### **Opinion**

We have audited the financial statements of Black Box Network Services (UK) Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor 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 director's 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 original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

## **Black Box Network Services (UK) Limited**

### **Independent Auditor's Report to the Members of Black Box Network Services (UK) Limited (continued)**

#### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities [set out on page 6], 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.

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

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**Black Box Network Services (UK) Limited**

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**Independent Auditor's Report to the Members of Black Box Network Services (UK)  
Limited (continued)**

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We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations – this responsibility lies with management with the oversight of the Directors.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, Financial Reporting Standard 102, and UK taxation legislation as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors minutes;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

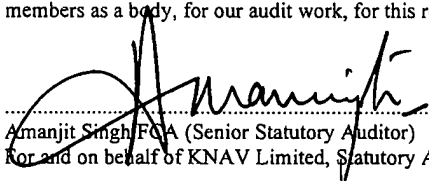
A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Black Box Network Services (UK) Limited**

**Independent Auditor's Report to the Members of Black Box Network Services (UK)  
Limited (continued)**

**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.

  
Amanjit Singh FCA (Senior Statutory Auditor)

For and on behalf of KNAV Limited, Statutory Auditor

Hygeia Building  
Ground Floor  
66-68 College Road  
Harrow  
Middlesex  
HA1 1BE

UAC: 2023-31-UK

Date: June 08, 2023

# Black Box Network Services (UK) Limited

## Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	4	14,122,099	9,692,330
Cost of sales		(10,496,035)	(7,659,749)
Gross profit		3,626,064	2,032,581
Administrative expenses		(3,855,461)	(2,819,063)
Other operating income	5	19,622	336,024
Operating loss	7	(209,775)	(450,458)
Other interest receivable and similar income	8	162,248	142,473
Loss before tax		(47,527)	(307,985)
Loss for the financial year		(47,527)	(307,985)
Loss for the year		(47,527)	(307,985)
Total comprehensive loss for the year		(47,527)	(307,985)

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

**Black Box Network Services (UK) Limited**

**(Registration number: 02182174)**

**Balance Sheet as at 31 March 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	13	56,710	121,948
<b>Current assets</b>			
Stocks	14	4,167	277
Debtors	15	11,256,721	8,745,453
Cash at bank and in hand		165,839	1,804,509
		11,426,727	10,550,239
<b>Creditors: Amounts falling due within one year</b>	17	(4,882,185)	(3,319,650)
<b>Net current assets</b>		6,544,542	7,230,589
<b>Total assets less current liabilities</b>		6,601,252	7,352,537
<b>Creditors: Amounts falling due after more than one year</b>	17	-	(576,419)
<b>Provisions for liabilities</b>	18	-	(127,339)
<b>Net assets</b>		6,601,252	6,648,779
<b>Capital and reserves</b>			
Called up share capital		620,127	620,127
Share premium reserve	21	2,172,004	2,172,004
Other reserves	21	5,693,969	5,693,969
Retained earnings	21	(1,884,848)	(1,837,321)
<b>Shareholders' funds</b>		6,601,252	6,648,779

The financial statements were approved and authorised for issue by the Board on June 08, 2023 and signed on its behalf by:



B C Tobin  
Director

**Black Box Network Services (UK) Limited**  
**Statement of Changes in Equity for the Year Ended 31 March 2022**

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total £
At 1 April 2020	620,127	2,172,004	5,693,969	(1,529,336)	6,956,764
Loss for the year	-	-	-	(307,985)	(307,985)
At 31 March 2021	620,127	2,172,004	5,693,969	(1,837,321)	6,648,779
At 1 April 2021	620,127	2,172,004	5,693,969	(1,837,321)	6,648,779
Loss for the year	-	-	-	(47,527)	(47,527)
At 31 March 2022	620,127	2,172,004	5,693,969	(1,884,848)	6,601,252

## **Black Box Network Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

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#### **1 General information**

Black Box Network Services (UK) Limited is a private company limited by share capital, incorporated in England and Wales. The nature of the company's operations and its principal activities are set out in the Strategic report.

The address of its registered office is:

3 Bennet Court  
Bennet Road  
Reading  
Berkshire  
RG2 0QX  
United Kingdom

These financial statements were authorised for issue by the Board on June 08, 2023.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention unless otherwise specified within these accounting policies.

The Company's functional and presentational currency is GBP.

##### **Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.



## **Black Box Network Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

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#### **2 Accounting policies (continued)**

##### **Name of parent of group**

This information is included in the consolidated financial statements of Black Box Limited.

The financial statements of Black Box Limited are available at the registered office below:

501, 5th Floor,  
Building No. 9,  
Airoli Knowledge Park,  
MIDC Industrial Area,  
Airoli,  
Navi Mumbai 400708,  
India.

##### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has also secured financial support from its parent company for at least 12 months from the date of approval of the financial statements. In the opinion of the directors, this will enable the Company to meet its day to day working capital requirements for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **Revenue recognition**

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

##### **Sale of goods**

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

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

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### **Interest Income**

Interest income is recognised in profit or loss using the effective interest method.

## **Black Box Network Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

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#### **2 Accounting policies (continued)**

##### **Foreign currency transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

##### **Current and deferred taxation**

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

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

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

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

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

## **Black Box Network Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Tangible assets**

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

##### **Depreciation**

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

Depreciation is provided on the following basis:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold improvements	- over the term of the lease
Plant, machinery and equipment	- between 3-5 years
Motor vehicles	- 3 years
Computer hardware and software	- between 3-5 years

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **Trade debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **Trade creditors**

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

## **Black Box Network Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

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#### **2 Accounting policies (continued)**

##### **Provisions**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

##### **Defined contribution pension obligation**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

## Black Box Network Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

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#### 2 Accounting policies (continued)

##### Financial Instruments

###### *Classification*

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

###### *Recognition and measurement*

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

###### *Impairment*

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

## **Black Box Network Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

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#### **3 Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the directors have made the following judgements:

##### **Leases**

Determine whether leases entered into by the Company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis

Other key sources of estimation uncertainty:

##### **- Tangible fixed assets (see note 13)**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### **Revenue Recognition**

Revenue on long term contracts is recognised on a percentage completion basis. The total anticipated costs are estimated so that stage of completion can be assessed. This estimate is made based on knowledge of customers and projects using the experience of project managers.

##### **- Bad debt provision**

Trade debtors are reviewed for bad debts, and where identified they are provided for. Consideration is given to customer history, age of debt and other relevant information.

##### **- Dilapidations**

The Company has entered into a number of property leases under which it is required to reinstate the condition of the property at the end of the lease to an agreed condition. The Company engages professional advisors to estimate the cost of the reinstatement and provides for the discounted value of this liability at the commencement of the lease.

## Black Box Network Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2022 £	2021 £
Supply and installation of network solutions (Global Solutions Integration)	11,207,175	7,288,821
Retail of network components (Technology Product Solutions)	2,914,924	2,403,509
	<u>14,122,099</u>	<u>9,692,330</u>

The analysis of the Company's Turnover for the year by market is as follows:

	2022 £	2021 £
UK	11,395,571	7,049,041
Europe	966,023	1,302,708
Rest of world	1,760,505	1,340,581
	<u>14,122,099</u>	<u>9,692,330</u>

#### 5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £	2021 £
Government grants - CJRS Scheme	19,622	336,024

#### 6 Other gains and losses

The analysis of the Company's other gains and losses for the year is as follows:

	2022 £	2021 £
Gain on disposal of Tangible assets	-	1,324

#### 7 Operating loss

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	82,366	148,804
Foreign exchange gains	(34,687)	(3,039)
Profit on disposal of property, plant and equipment	-	(1,324)

## Black Box Network Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 8 Other interest receivable and similar income

	2022	2021
	£	£
Other interest receivable - Group undertakings	162,248	142,473

#### 9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	3,368,140	2,292,816
Social security costs	445,761	301,534
Other short-term employee benefits	23,323	24,374
Pension costs, defined contribution scheme	134,702	104,093
Other employee expense	408,842	355,768
	<u>4,380,768</u>	<u>3,078,585</u>

The average monthly number of employees (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Production	34	33
Administration and support	6	5
Sales, marketing and distribution	18	18
	<u>58</u>	<u>56</u>

#### 10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	336,872	223,061
Contributions paid to money purchase schemes	8,911	21,000
	<u>345,783</u>	<u>244,061</u>

During the year the number of directors who were receiving retiring benefits was as follows:

	2022	2021
	No.	No.
Accruing benefits under defined benefit pension scheme	2	1



**Black Box Network Services (UK) Limited**

**Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

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**10 Directors' remuneration (continued)**

In respect of the highest paid director:

	2022	2021
	£	£
Remuneration (including all benefits)	193,855	212,381

**11 Auditor's remuneration**

	2022	2021
	£	£
Audit of the financial statements	52,500	49,000
<b>Other fees to auditors</b>		
Taxation compliance services	-	3,000
All other non-audit services	4,500	4,000
	4,500	7,000

## Black Box Network Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 12 Taxation

##### Factors affecting tax charge for the year

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021: the same as the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	(47,527)	(307,985)
Corporation tax at standard rate	(9,030)	(58,517)
Effect of expense not deductible in determining taxable profit (tax loss)	285	1,399
Adjustments from tax losses	(1,914)	(33,381)
Tax increase/(decrease) from effect of capital allowances and depreciation	10,659	23,737
Total tax credit	-	-

##### Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016).

However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2020: 19%) which represents the future corporation tax rate that was substantively enacted at the balance sheet date. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

**Black Box Network Services (UK) Limited**

**Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

**13 Tangible assets**

	Leasehold improvements £	Plant, machinery and equipment £	Motor vehicles £	Computer hardware and software £	Total £
<b>Cost or valuation</b>					
At 1 April 2021	205,780	495,527	114,093	378,375	1,193,775
Additions	-	17,127	-	-	17,127
At 31 March 2022	205,780	512,654	114,093	378,375	1,210,902
<b>Depreciation</b>					
At 1 April 2021	205,780	421,094	75,128	369,825	1,071,827
Charge for the year	-	53,205	19,773	9,387	82,365
Eliminated on disposal	-	-	-	-	-
At 31 March 2022	205,780	474,299	94,901	379,212	1,154,192
<b>Carrying amount</b>					
At 31 March 2022	-	38,355	19,192	(837)	56,710
At 31 March 2021	-	74,433	38,965	8,550	121,948

## Black Box Network Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 14 Stocks

	2022 £	2021 £
Finished goods	4,167	277
The replacement cost of these items would not be materially different to the value stated above. Included in cost of sales are £1.679m (2021: £1.351m) of materials expensed.		

#### 15 Debtors

	Note	2022 £	2021 £
Trade debtors		2,886,640	1,320,180
Amounts owed by group undertakings	23	6,857,353	6,319,899
Amounts recoverable on contracts		1,264,748	841,021
Other debtors		5,479	449
Prepayments		115,037	124,924
Corporation tax recoverable	12	127,464	138,980
Total current trade and other debtors		11,256,721	8,745,453

Amounts credited/charged in the statement of profit and loss and other comprehensive income for the year in respect of bad and doubtful trade debtors was credit £5,422 (2021: charge £2,286).

All amounts shown under debtors fall due for payment within one year.

#### 16 Cash and cash equivalents

	2022 £	2021 £
Cash at bank	165,839	1,804,509

## Black Box Network Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 17 Creditors

	Note	2022 £	2021 £
<b>Due within one year</b>			
Trade creditors		1,900,282	998,538
Amounts owed to group undertakings	23	1,278,761	1,273,387
Social security and other taxes		307,072	147,439
Outstanding defined contribution pension costs		2,760	14,108
Other creditors		45,139	172,458
Long term contract balances		-	118,240
Deferred income		305,232	752
Accrued expenses		1,042,939	594,728
		<u>4,882,185</u>	<u>3,319,650</u>
<b>Due after one year</b>			
Other non-current financial liabilities		-	<u>576,419</u>

#### 18 Provisions for liabilities

As at 31 March 2022, there was an unprovided deferred tax asset of £527k (2021: £519k) relating to unutilised trading losses of £2.7m (2021: £2.7m). The company also has unutilised capital losses of £84k (2021: £84k).

#### 19 Pension commitments

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £134,702 (2021: £104,093).

Contributions totalling £2,760 (2021: £14,108) were payable to the scheme at the end of the year and are included in creditors.

## Black Box Network Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

#### 20 Share capital

##### Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	620,027	620,027	620,027	620,027

#### 21 Reserves

##### Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

##### Merger reserve

On 31 March 2004 the merger reserve was created when Black Box Network Services (UK) Limited acquired the trade and net assets of several UK subsidiaries owned by Black Box Corporation. The associated legal entities were dissolved in 2014. Consideration at the time for the acquired trade and net assets comprised the issuing of shares in Black Box Network Services (UK) Limited and intercompany debt consequently resulting in a merger reserve at the time.

##### Profit and loss account

Includes all current & prior periods retained profits & losses.

#### 22 Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

##### Land and buildings

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	122,850	122,850
	<u>122,850</u>	<u>122,850</u>

#### 23 Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 section 33 "Related Party Disclosures" not to disclose transactions with members of the Black Box Corporation group on the grounds that 100% of the voting rights in the Company are controlled within that group and the Company is included in the consolidated financial statements.

## **Black Box Network Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)**

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#### **24 Controlling party**

The directors regard Black Box Limited (formerly known as AGC Networks Limited), a Company incorporated and headquartered in Mumbai, India, as the ultimate parent Company and the ultimate controlling party.

Black Box Limited is the parent Company of the largest and smallest group of which the Company is a member and for which group accounts are drawn up. Copies of the consolidated group accounts are available from Black Box Limited, 501, 5th Floor, Building No. 9, Airoli Knowledge Park, MIDC Industrial Area, Airoli, Navi Mumbai 400708, India.

The financial statements of the Company are included in the consolidated financial statements of BBX Inc., which are included in the consolidated financial statements of Black Box Limited. The said financials of Black Box Limited, are filed with the Registrar of Companies, Ministry of Corporate Affairs as well as the stock exchanges, i.e. BSE Limited and The National Stock Exchange of India Limited.

#### **25 Contingent liabilities**

Fixed and floating charges, held by other Black Box companies, exist over the assets of the Company as at 31 March 2022.