

REGISTERED NUMBER: 02182174 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
FOR
BLACK BOX NETWORK SERVICES (UK) LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2023**

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BLACK BOX NETWORK SERVICES (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023**

Directors: Mr. Brian Richard Fisher
Mr. Brendan Christopher Tobin
Mr. Andrew Roel Jacobus van der Wit

Registered office: First Floor (North) Blake House
Manor Farm Road
Reading
RG2 0JH

Registered number: 02182174 (England and Wales)

Auditors: KNAV Limited
Ground Floor
Hygeia Building
66-68 College Road
Harrow
Middlesex
HA1 1BE

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their strategic report for the year ended 31 March 2023.

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 decreased compared to the previous year. In Global Solutions Integration services, revenue decreased by 15.86% and in Technology Product Solutions, it decreased by 12.18%. The GP percentages have decreased within the 8% range. It has declined due to inflationary pressures and competitive landscape.

Total assets of the Company decreased from £11.5m to £9.7m due to reduction in balance owed by group undertakings. Net assets of the Company decreased during the year from £6.6m to £4.9m mainly due to loss for the year.

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. The decline in sales was largely due to global market challenges and changes, we have started spending on new marketing initiatives and sales strategies. We also had to deal with rising inflation, which also accounted for wider losses.

	31-Mar-23	31-Mar-22
Turnover (£)	11,989,865	14,122,099
Loss after tax (£)	(1,673,770)	(47,527)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

Principal risks and uncertainties

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.

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 30 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

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. 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 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 share 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 level of quality and service in line with customers' timelines.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

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 compared 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.

On behalf of the board:

Mr. Brendan Christopher Tobin - Director

14 March 2024

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report with the financial statements of the Company for the year ended 31 March 2023.

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 Global Solutions Integration 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 IT continues to expand and networks become essential to customer's success.

Dividends

No dividends will be distributed for the year ended 31 March 2023.

Directors

The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

Mr. Brendan Christopher Tobin

Mr. Andrew Roel Jacobus Van Der Wit

Other changes in directors holding office are as follows:

Mr. Brian Richard Fisher - appointed 19 April 2022

Mr. Matthew Peter Thomas - appointed 19 April 2022; resigned - 23 February 2024

Ms. Regina Balcune - resigned 19 April 2022

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

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

On behalf of the board:

Mr. Brendan Christopher Tobin - Director

14 March 2024

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2023**

The directors acknowledge their responsibilities for preparing the Annual report 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 then apply them consistently and also state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BLACK BOX NETWORK SERVICES (UK) LIMITED

Opinion

We have audited the financial statements of BlackBox Network Services (UK) Limited (the 'Company') for the year ended 31 March 2023 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, 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 2023 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BLACK BOX NETWORK SERVICES (UK) LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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 six, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BLACK BOX NETWORK SERVICES (UK) LIMITED

Auditors' 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 a Report of the Auditors 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:

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 minutes of the meetings conducted by the Board of Directors;
- enquiry of management of legal matters in the year;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to verify unusual or unexpected relationships;
- 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BLACK BOX NETWORK SERVICES (UK) LIMITED**

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 a Report of the Auditors 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
Ground Floor
Hygeia Building
66-68 College Road
Harrow
Middlesex
HA1 1BE

14 March 2024

STATEMENT OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	31.3.23 £	31.3.22 £
Turnover	4	11,989,865	14,122,099
Cost of sales		9,839,964	10,496,035
Gross profit		2,149,901	3,626,064
Administrative expenses		4,018,475	3,855,461
		(1,868,574)	(229,397)
Other operating income	5	56,373	19,622
Operating loss	8	(1,812,201)	(209,775)
Interest receivable and similar income	10	138,431	162,248
Loss before taxation		(1,673,770)	(47,527)
Tax on loss	11	-	-
Loss for the financial year		(1,673,770)	(47,527)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,673,770)	(47,527)

The notes form part of these financial statements

**BALANCE SHEET
31 MARCH 2023**

	Notes	31.3.23 £	£	31.3.22 £	£
Fixed assets					
Tangible assets	12		15,106		56,710
Current assets					
Stocks	13	15,750		4,167	
Debtors	14	9,206,489		11,256,721	
Cash at bank	15	<u>447,961</u>		<u>165,839</u>	
		9,670,200		11,426,727	
Creditors					
Amounts falling due within one year	16	<u>4,757,824</u>		<u>4,882,185</u>	
Net current assets			<u>4,912,376</u>		<u>6,544,542</u>
Total assets less current liabilities			<u><u>4,927,482</u></u>		<u><u>6,601,252</u></u>
Capital and reserves					
Called up share capital	18		620,127		620,127
Share premium	19		2,172,004		2,172,004
Other reserves	19		5,693,969		5,693,969
Retained earnings	19		<u>(3,558,618)</u>		<u>(1,884,848)</u>
Shareholders' funds			<u><u>4,927,482</u></u>		<u><u>6,601,252</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 14 March 2024 and were signed on its behalf by:

Mr. Brendan Christopher Tobin - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 April 2021	620,127	(1,837,321)	2,172,004	5,693,969	6,648,779
Changes in equity					
Total comprehensive income	-	(47,527)	-	-	(47,527)
Balance at 31 March 2022	620,127	(1,884,848)	2,172,004	5,693,969	6,601,252
Changes in equity					
Total comprehensive income	-	(1,673,770)	-	-	(1,673,770)
Balance at 31 March 2023	620,127	(3,558,618)	2,172,004	5,693,969	4,927,482

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. STATUTORY 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:
First Floor (North) Blake House
Manor Farm Road
Reading
RG2 0JH
United Kingdom

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Previous year's figures have been regrouped or reclassified, wherever considered necessary, to conform with the current year's presentation.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44, 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, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Black Box Limited. Refer Note 24 on Ultimate Controlling Party.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

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 the Statement of Profit and Loss using the effective interest method.

Tangible fixed assets

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

Depreciation

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:

Asset class	Depreciation method and rate
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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

2. **ACCOUNTING POLICIES - continued**

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.

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. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 the statement of profit and 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 the statement of profit and loss within 'other operating income'.

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 the statement of profit and 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, the Company has 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.

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 the statement of profit and 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023**

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 the statement of profit and 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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.

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

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.

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.

4. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the Company.

An analysis of turnover by class of business is given below:

	31.3.23	31.3.22
	£	£
Supply and installation	9,430,083	11,207,175
Retail of network components	2,559,782	2,914,924
	<u>11,989,865</u>	<u>14,122,099</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

4. **TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	31.3.23	31.3.22
	£	£
United Kingdom	10,517,325	11,395,571
Europe	772,506	966,023
Rest of the world	700,034	1,760,505
	<u>11,989,865</u>	<u>14,122,099</u>

5. **OTHER OPERATING INCOME**

	31.3.23	31.3.22
	£	£
Government grants-CJRS	-	19,622
Other income	56,373	-
	<u>56,373</u>	<u>19,622</u>

6. **EMPLOYEES AND DIRECTORS**

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

	31.3.23	31.3.22
£	£	
Wages and salaries	3,211,691	3,368,140
Social security costs	537,062	445,761
Other short-term employee benefits	1,280	23,323
Pension costs, defined contribution scheme	125,478	134,702
Other employee expense	703,286	408,842
	<u>4,578,797</u>	<u>4,380,768</u>

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

	31.3.23	31.3.22
	No.	No.
Production	48	34
Administration and support	6	6
Sales, marketing and distribution	20	18
	<u>74</u>	<u>58</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

7. **DIRECTORS' REMUNERATION**

The directors' remuneration for the year was as follows:

	31.3.23	31.3.22
£	£	
Remuneration	266,933	336,872
Contributions paid to money purchase scheme	8,957	8,911
	<u>275,890</u>	<u>345,783</u>

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

	31.3.23	31.3.22
£	£	
Accruing benefits under defined pension scheme	<u>2</u>	<u>2</u>

8. **OPERATING LOSS**

Arrived at after charging/(crediting)

	31.3.23	31.3.22
£	£	
Depreciation expense	49,496	82,366
Foreign exchange gains/ (losses)	(42,129)	(34,687)
Profit on sale of fixed asset	<u>6,076</u>	<u>-</u>

9. **AUDITORS' REMUNERATION**

	31.3.23	31.3.22
£	£	
Fees payable to the Company's auditors for the audit of the Company's financial statements	57,750	48,000
Other non- audit services	<u>5,000</u>	<u>4,500</u>

10. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	31.3.23	31.3.22
£	£	
Other interest receivable	<u>138,431</u>	<u>162,248</u>

11. **TAXATION**

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2023 nor for the year ended 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

11. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.23 £	31.3.22 £
Loss before tax	<u>(1,673,770)</u>	<u>(47,527)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	(318,016)	(9,030)
Effects of:		
Expenses not deductible for tax purposes	3,280	285
Income not taxable for tax purposes	(1,154)	-
Depreciation in excess of capital allowances	6,828	10,659
Adjustment from tax losses	<u>309,062</u>	<u>(1,914)</u>
Total tax charge	<u>-</u>	<u>-</u>

As at 31 March 2023, there was an unprovided deferred tax asset of £828k (2022: £527k) relating to unutilised trading losses of £4.4m (2022: £2.7m). No deferred tax provision was made during the year on carried forward losses as it is not certain when the Company would be making adequate profits to set off the losses.

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25% for companies with profits over £250,000, which is due to be effective from 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

12. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 April 2022	205,780	512,654	114,094	378,375	1,210,903
Additions	-	349	-	7,626	7,975
Disposals	-	-	(28,683)	-	(28,683)
Reclassification/transfer	-	(17,126)	-	17,126	-
At 31 March 2023	<u>205,780</u>	<u>495,877</u>	<u>85,411</u>	<u>403,127</u>	<u>1,190,195</u>
DEPRECIATION					
At 1 April 2022	205,780	474,299	94,902	379,212	1,154,193
Charge for year	-	20,688	17,751	11,057	49,496
Eliminated on disposal	-	-	(28,600)	-	(28,600)
At 31 March 2023	<u>205,780</u>	<u>494,987</u>	<u>84,053</u>	<u>390,269</u>	<u>1,175,089</u>
NET BOOK VALUE					
At 31 March 2023	<u>-</u>	<u>890</u>	<u>1,358</u>	<u>12,858</u>	<u>15,106</u>
At 31 March 2022	<u>-</u>	<u>38,355</u>	<u>19,192</u>	<u>(837)</u>	<u>56,710</u>

13. STOCKS

	31.3.23 £	31.3.22 £
Finished goods	<u>15,750</u>	<u>4,167</u>

The replacement cost of these items would not be materially different to the value stated above.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23 £	31.3.22 £
Trade debtors	2,745,775	2,830,473
Amounts owed by group undertakings	4,468,926	6,913,520
Accrued income	1,726,807	1,264,748
Other debtors	-	5,479
Tax	127,464	127,464
Prepayments	<u>137,517</u>	<u>115,037</u>
	<u>9,206,489</u>	<u>11,256,721</u>

*Reclassification of trade debtors to amount owed by group undertakings has been done for the better presentation of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023**

15. CASH AT BANK

	31.3.23	31.3.22
	£	£
Cash at bank	<u>447,961</u>	<u>165,839</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23	31.3.22
	£	£
Outstanding defined contribution	3,093	2,760
Trade creditors	1,530,880	1,900,282
Amounts owed to group undertakings	2,020,457	1,278,761
Social security and other taxes	27,582	307,072
Other creditors	55,163	151,389
Deferred income	263,882	198,982
Accrued expenses	<u>856,767</u>	<u>1,042,939</u>
	<u>4,757,824</u>	<u>4,882,185</u>

*Reclassification of deferred income to other creditor has been done for the better presentation of financial statements.
Fixed and floating charges, held by BB RECEIVABLES LLC, exist over the assets of the Company as at 31st March 2023.
The Company also has unutilised capital losses of £84k (2022: £84k).

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.23	31.3.22
	£	£
Within one year	107,346	122,850
Between one and five years	306,010	-
In more than five years	<u>63,313</u>	<u>-</u>
	<u>476,669</u>	<u>122,850</u>

Lease agreement for Bennet Court property was terminated in October 2023. The Company has entered into a new lease which has a rent free period of 24 months commencing from November 2023.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.23	31.3.22
			£	£
620,027	Ordinary Shares	1	<u>620,127</u>	<u>620,127</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

19. **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.

Other 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.

Retained earnings

Includes all current & prior periods retained profits & losses.

20. **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 £125,478 (2022: £134,702).

Contributions totalling £3,093 (2022: £2,760) were payable to the scheme at the end of the year and are included in creditors.

21. **RELATED PARTY DISCLOSURES**

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.

22. **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 Corporation is the immediate parent company of the entity.

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 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. SSE Limited and The National Stock Exchange of India Limited.

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