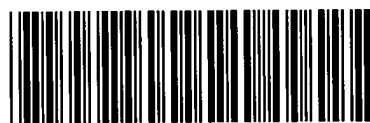


Company Registration No. 02681003 (England and Wales)

VTECH COMMUNICATIONS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2018

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VTECH COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors	Yu Wai Chang Chi Hoi Tong Ka Hung Tong
Secretary	Gary Jesson
Company number	02681003
Registered office	9 Manor Courtyard Hughenden Avenue High Wycombe Buckinghamshire HP13 5RE
Auditor	RSM UK Audit LLP Chartered Accountants The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1BP

VTECH COMMUNICATIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

The directors consider the performance of the company to be satisfactory and expect future results to be similar. The company has continued to provide marketing services to the parent undertaking on a cost-plus fixed margin basis. Costs have remain constant with prior years.

The subsidiaries continue to have positive results and dividends were received from these investments in the year. The directors expect this to continue in future years.

Principal risks and uncertainties

For the trading activity the company is dependent on the support of the parent undertaking. The risks and key performance indicators relevant to the company are managed on a group basis by the parent company.

The principal risk to the business relates to the carrying value of the investment in subsidiaries held as these represent a significant proportion of the assets and income of the company. This risk is managed on an ongoing basis by the directors to ensure that sufficient profit and cash is generated. At the reporting date the directors assessed the company's interest in subsidiaries for impairment. No impairment losses were recognised.

On behalf of the board



Chi Hoi Tong

Director

Date: 7 December 2018

VTECH COMMUNICATIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

Principal activities

The principal activities of the company during the year were to provide marketing services to VTech Telecommunications Limited, its immediate holding company based in Hong Kong, and to act as an intermediate holding company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Yu Wai Chang
Chi Hoi Tong
Ka Hung Tong

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,097,504 (2017: £1,643,125). The directors do not recommend payment of a final dividend.

Future developments

The directors do not expect the company's principal activity to change from that of providing marketing and holding company services to VTech Telecommunications Limited.

Auditor

A resolution to reappoint RSM UK Audit LLP as auditor for the ensuing year will be proposed at the forthcoming Annual General Meeting.

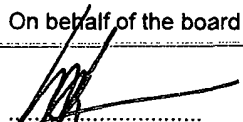
Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Financial risk management objectives and policies

The company is dependent on the support of the parent undertaking. The risks and key performance indicators relevant to the company are managed on a group basis by the parent company.

On behalf of the board


Chi Hoi Tong
Director

Date: 7 December 2018

VTECH COMMUNICATIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VTECH COMMUNICATIONS LIMITED

Opinion

We have audited the financial statements of VTech Communications Limited (the 'company') for the year ended 31 March 2018 which comprise the Income Statement, the Statement of Financial Position, the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit 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's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VTECH COMMUNICATIONS LIMITED (CONTINUED)

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 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 directors' responsibilities statement set out on page 3, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

RSM UK Audit LLP

David Olsson (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

MK9 1BP

15/12/18

VTECH COMMUNICATIONS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	729,032	729,360
Administrative expenses		(691,254)	(681,645)
Operating profit	5	37,778	47,715
Income from shares in group undertakings	7	1,155,269	1,729,605
Profit before taxation		1,193,047	1,777,320
Tax on profit	8	(57,763)	(86,480)
Profit for the financial year		1,135,284	1,690,840

VTECH COMMUNICATIONS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2018**

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		-		400
Investments	11		11,514,737		11,514,737
			<u>11,514,737</u>		<u>11,515,137</u>
Current assets					
Debtors	13	84,707		44,354	
Cash at bank and in hand		39,547		33,098	
		<u>124,254</u>		<u>77,452</u>	
Creditors: amounts falling due within one year	14	(94,479)		(95,772)	
Net current assets/(liabilities)			<u>29,775</u>		<u>(18,320)</u>
Total assets less current liabilities			<u>11,544,512</u>		<u>11,496,817</u>
Capital and reserves					
Called up share capital	17		11,410,000		11,410,000
Profit and loss reserves	18		134,512		86,817
Total equity			<u>11,544,512</u>		<u>11,496,817</u>

The financial statements were approved by the board of directors and authorised for issue on 7 December 2018 and are signed on its behalf by:


 Chi Hoi Tong
 Director

VTECH COMMUNICATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2016		10,000	39,102	49,102
Year ended 31 March 2017:				
Profit and total comprehensive income for the year		-	1,690,840	1,690,840
Issue of share capital	17	11,400,000	-	11,400,000
Dividends	9	-	(1,643,125)	(1,643,125)
Balance at 31 March 2017		11,410,000	86,817	11,496,817
Year ended 31 March 2018:				
Profit and total comprehensive income for the year		-	1,135,284	1,135,284
Dividends	9	-	(1,097,504)	(1,097,504)
Credit to equity for equity settled share-based payments		-	9,915	9,915
Balance at 31 March 2018		11,410,000	134,512	11,544,512

VTECH COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

VTech Communications Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 9 Manor Courtyard, Hughenden Avenue, High Wycombe, Buckinghamshire, HP13 5RE.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of VTech Holdings Limited. These consolidated financial statements are available from 23rd Floor, Tai Ping Industrial Centre, Block 1, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

VTech Communications Limited is a wholly owned subsidiary of VTech Holdings Limited and the results of VTech Communications Limited are included in the consolidated financial statements of that company which are available from the address shown above.

Going concern

The financial statements have been prepared on a going concern basis as the company's parent undertaking VTech Holdings Limited has confirmed its intention to provide such support to the company as is necessary to enable it to continue to trade for the foreseeable future.

VTECH COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Turnover

Turnover represents a recharge of expenses plus 7% to VTech Telecommunications Limited, the immediate holding company.

Other income

Dividend income from investments in subsidiaries is recognised when the company's right to receive payment is established.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	3 years
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Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade debtors, amounts owed by group undertakings and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost, being transaction price less amounts settled.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

VTECH COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, accruals and amounts owed to group undertakings are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less amounts settled.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

~~Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.~~

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense as incurred.

Retirement benefits

The company contributes to various independently administered and funded defined contribution personal pension schemes of individual employees. The pension charge represents contributions payable by the company for the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

VTECH COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Share-based payments

The ultimate parent company, VTech Holdings Limited, issued shares to one employee of the company during the year for nil consideration. This equity-settled share-based payment has been measured at fair value at the date of grant by reference to the listed share price on that date. There are no performance conditions attached to the shares granted. The fair value of the shares granted to the employee is recognised in profit or loss and a corresponding adjustment is made to equity.

Research and development expenditure

Expenditure on research and development is recognised in profit or loss in the year in which it is incurred.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there to be any critical judgements or sources of estimation uncertainty that need to be brought to the attention of users of the accounts.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Marketing services	729,032	729,360
	<u> </u>	<u> </u>
Other revenue		
Dividends received	1,155,269	1,729,605
	<u> </u>	<u> </u>

VTECH COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Research and development	1	1
Marketing	2	2
Directors	3	3
	<u>6</u>	<u>6</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	322,991	306,489
Social security costs	47,125	42,955
Pension costs	23,917	24,801
	<u>394,033</u>	<u>374,245</u>

The directors of the company have been remunerated for their services through other group companies.

5 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	400	672
Share-based payments	9,915	-
	<u></u>	<u></u>

During the year the ultimate parent company granted shares to an employee of the company. The grant does not carry any performance obligation and no options to acquire further shares were in place at the reporting date.

VTECH COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

6 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	7,500	7,500
For other services		
Taxation compliance services	2,395	2,500
All other non-audit services	3,175	3,775
	<u>5,570</u>	<u>6,275</u>

7 Interest receivable and similar income

	2018 £	2017 £
Income from fixed asset investments		
Income from shares in group undertakings	1,155,269	1,729,605
Disclosed on the income statement as follows:		
Income from shares in group undertakings	<u>1,155,269</u>	<u>1,729,605</u>

8 Taxation

	2018 £	2017 £
Current tax		
Foreign current tax on profits for the current period	<u>57,763</u>	<u>86,480</u>

VTECH COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

8 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	1,193,047	1,777,320
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	226,679	355,464
Dividend income	(219,501)	(345,921)
Withholding tax suffered on dividend income	57,763	86,480
Deferred tax not recognised	-	134
Recognition of deferred tax assets in respect of tax losses not previously recognised	(7,178)	(9,677)
Taxation charge for the year	57,763	86,480

9 Dividends

	2018 £	2017 £
Interim paid	1,097,504	1,643,125

10 Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2017 and 31 March 2018	8,254
Depreciation and impairment	
At 1 April 2017	7,854
Depreciation charged in the year	400
At 31 March 2018	8,254
Carrying amount	
At 31 March 2018	-
At 31 March 2017	400

VTECH COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

11 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	12	11,514,737	11,514,737

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2017 & 31 March 2018	11,514,737
Carrying amount	
At 31 March 2018	11,514,737
At 31 March 2017	11,514,737

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
VTech Technologies Canada Ltd.	(1)	Sales of telecommunication and electronic products	Class A Common Voting Shares	100.00	
			Class B Common Non-Voting Shares	100.00	
Snom Technology GmbH	(2)	Design, manufacture and distribution of telecommunication products	Ordinary	100.00	
Snom Inc.	(3)	Sales of telecommunication products	Ordinary		100.00
Snom (Taiwan) Ltd	(4)	Development of telecommunication products and supply chain management	Ordinary		100.00
Snom Solutions GmbH	(2)	Dormant	Ordinary		100.00

(1) 12111 Jacobson Way, Richmond, British Columbia, V6W 1L5, Canada

(2) Wittestraße 30G, 13509 Berlin, Germany

(3) 2603 Camino Ramon, Suite 420, San Ramon, CA 94583, USA

(4) No 6, 13th Floor, 27 Guanxin Road, Hsinchu City, Taiwan

VTECH COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

13 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	-	3,114
Amounts owed by group undertakings	47,648	1,616
Other debtors	5,038	7,628
Prepayments and accrued income	2,021	1,996
	<u>54,707</u>	<u>14,354</u>
Deferred tax asset (note 15)	30,000	30,000
	<u>84,707</u>	<u>44,354</u>

14 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	7,446	13,745
Amounts due to group undertakings	44,010	44,010
Other taxation and social security	18,759	14,848
Accruals and deferred income	24,264	23,169
	<u>94,479</u>	<u>95,772</u>

15 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Assets	Assets
	2018	2017
Balances:	£	£
Tax losses	<u>30,000</u>	<u>30,000</u>

The deferred tax asset set out above is expected to reverse within 36 months and relates to the utilisation of tax losses against future expected profits of the same period.

Deferred tax is not recognised in respect of losses of £2,065,540 (2017: £1,925,000) as it is not probable that they will be recovered against future taxable profits.

VTECH COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

16 Retirement benefit schemes

	2018	2017
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	23,917	24,801

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £1,987 (2017: £1,169) were payable to the fund at the year end and are included in creditors.

17 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
11,410,000 Ordinary shares of £1 each	11,410,000	11,410,000
	<u>11,410,000</u>	<u>11,410,000</u>

The company has one class of ordinary shares which carry no right to fixed income.

18 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

19 Controlling party

The immediate parent company is VTech Telecommunications Limited, a company registered in Hong Kong. The ultimate parent company is VTech Holdings Limited, a company incorporated in Bermuda.

The largest and smallest group into which the results of the company are consolidated is that headed by VTech Holdings Limited, incorporated in Bermuda. The consolidated financial statements of this group are available to the public and may be obtained from:

23rd Floor, Tai Ping Industrial Centre, Block 1
57 Ting Kok Road
Tai Po
New Territories
Hong Kong