

Company registration number 02681003 (England and Wales)

**VTECH COMMUNICATIONS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

# VTECH COMMUNICATIONS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Hoi Cheung Yu Wai Chang Ka Hung Tong
<b>Secretary</b>	Gary Jesson
<b>Company number</b>	02681003
<b>Registered office</b>	12 Napier Court Barton Lane Abingdon Science Park Abingdon Oxfordshire England OX14 3YT
<b>Auditor</b>	Azets Audit Services Suites B & D Burnham Yard Beaconsfield Bucks HP9 2JH

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# VTECH COMMUNICATIONS LIMITED

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# VTECH COMMUNICATIONS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2022

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

#### **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 remained constant with prior years.

The subsidiaries continue to have positive results. The directors expect to maintain this 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.

#### **Section 172(1) statement**

The directors of the company note that they have a duty to promote the success of the company for the benefit of the company's shareholders, having regard to a number of broader matters including the likely long term consequences of decisions, and the company's wider relationships. In this regard, the board:

- considers on an annual basis the key business activities and the likely long term consequences of any key decisions;
- ensures employees are regularly engaged through annual reviews to discuss employee performance, suitability and interest;
- ensures the company maintains strong business relationships with suppliers, customers and others;
- ensures the company's operations do not have a negative impact on the community and environment; and
- ensures, through the company's policies and procedures, that the desired high standards of business conduct prevail across all functions.

The following is an overview of how the directors have performed their duties in this regard during the year.

#### **Employees**

The company's employees are considered integral to the successful performance of the business. The directors receive feedback on matters relating to employees through staff surveys and staff meetings. This feedback is then used by the directors reviewing human resources policies to ensure the right culture is in place to meet the goals of the employees and the business.

#### **Business Relationships**

How the directors' performed their duties with regard to business relationships is set out in the Directors' report.

On behalf of the board

Hoi Cheung  
**Director**

19 December 2022

# **VTECH COMMUNICATIONS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 MARCH 2022***

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

#### **Principal activities**

The principal activity 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.

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid (2021:£Nil). The directors do not recommend payment of a final dividend.

#### **Directors**

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

Hoi Cheung  
Yu Wai Chang  
Ka Hung Tong

#### **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 Telecommunication Limited.

#### **Auditor**

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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.

#### **Carbon and energy reporting**

The company is considered a low energy consumer with the UK usage being below 40,000 kWh of energy thus no additional disclosure has been made.

On behalf of the board

Hoi Cheung  
**Director**

19 December 2022

# **VTECH COMMUNICATIONS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2022***

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The directors are responsible 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 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.

# VTECH COMMUNICATIONS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF VTECH COMMUNICATIONS LIMITED

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#### Opinion

We have audited the financial statements of VTech Communications Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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 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

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 our 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.

# **VTECH COMMUNICATIONS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF VTECH COMMUNICATIONS LIMITED**

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#### **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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



# **VTECH COMMUNICATIONS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF VTECH COMMUNICATIONS LIMITED**

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**David Green MA (Cantab) ACA (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

19 December 2022

**Chartered Accountants**  
**Statutory Auditor**

Suites B & D  
Burnham Yard  
Beaconsfield  
Bucks  
HP9 2JH

## VTECH COMMUNICATIONS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 MARCH 2022*

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	835,152	609,872
Administrative expenses		(765,552)	(573,418)
Other operating income		150	3,685
<b>Operating profit</b>	<b>4</b>	69,750	40,139
Interest payable and similar expenses	<b>7</b>	(208)	-
<b>Profit before taxation</b>		69,542	40,139
Tax on profit	<b>8</b>	(6,764)	-
<b>Profit for the financial year</b>		62,778	40,139

The income statement has been prepared on the basis that all operations are continuing operations.

# VTECH COMMUNICATIONS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		226		563
Investments	10		11,514,737		11,514,737
			<u>11,514,963</u>		<u>11,515,300</u>
<b>Current assets</b>					
Debtors	12	278,761		244,191	
Cash at bank and in hand		54,069		33,723	
		<u>332,830</u>		<u>277,914</u>	
<b>Creditors: amounts falling due within one year</b>	13	(101,827)		(110,026)	
<b>Net current assets</b>			<u>231,003</u>		<u>167,888</u>
<b>Net assets</b>			<u>11,745,966</u>		<u>11,683,188</u>
<b>Capital and reserves</b>					
Called up share capital	16	11,410,000		11,410,000	
Profit and loss reserves		335,966		273,188	
<b>Total equity</b>			<u>11,745,966</u>		<u>11,683,188</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 19 December 2022 and are signed on its behalf by:

Hoi Cheung  
Director

Company Registration No. 02681003

# VTECH COMMUNICATIONS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	11,410,000	233,049	11,643,049
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	40,139	40,139
Balance at 31 March 2021	11,410,000	273,188	11,683,188
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	62,778	62,778
Balance at 31 March 2022	11,410,000	335,966	11,745,966

# VTECH COMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2022**

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### 1 Accounting policies

#### Company information

VTech Communications Limited is a private company limited by shares incorporated in England and Wales. The registered office is 12 Napier Court Barton Lane, Abingdon Science Park, Abingdon, Oxfordshire, England, OX14 3YT.

#### 1.1 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 £.

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 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: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- 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 its registered office, 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.

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

#### 1.2 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. The directors have confirmed that the wider financial position of the group is sound. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

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

# VTECH COMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### Other income

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

#### 1.4 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	3 years
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# VTECH COMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 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 in the company's statement of financial position 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.9 Equity instruments

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

# VTECH COMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.



# VTECH COMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 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.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Carrying value of investments

The company reviews each of its subsidiary undertakings for indicators of impairment at each reporting date and makes an estimate of the recoverability value of its investments. The company considers indicators of impairment such as profitability, cash generation and future trading of subsidiary undertakings.

The carrying value of investments in subsidiary undertakings at the reporting date was £11,514,737 (2021: £11,514,737). No impairment losses have been recognised in respect of investments in subsidiaries.

Apart from the above, the directors do not consider there to be any critical judgements or source of estimation uncertainty that need to be brought to the attention of the users of the accounts.

### 3 Turnover

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Marketing services	834,085	608,329
Sale of goods	1,067	1,543
	<u>835,152</u>	<u>609,872</u>

### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	<u>337</u>	<u>337</u>

# VTECH COMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	11,000	7,600
<b>For other services</b>		
Taxation compliance services	1,000	2,550
All other non-audit services	2,000	3,375
	3,000	5,925

### 6 Employees

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

	2022 Number	2021 Number
Research and development	1	1
Marketing	2	2
Directors	3	3
Total	6	6

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	307,365	304,777
Social security costs	26,524	41,406
Pension costs	27,809	27,398
	361,698	373,581

The directors of the company have been remunerated for their services through other group companies however any allocation between companies would be notional. Therefore, their remuneration has been disclosed in the financial statements of the relevant company from which the remuneration is received.

### 7 Interest payable and similar expenses

	2022 £	2021 £
Other interest	208	-

# VTECH COMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 8 Taxation

	2022	2021
	£	£
<b>Deferred tax</b>		
Origination and reversal of timing differences	6,764	-

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	69,542	40,139
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	13,213	7,626
Tax effect of expenses that are not deductible in determining taxable profit	-	54
Unutilised tax losses carried forward	(8,169)	(8,015)
Permanent capital allowances in excess of depreciation	1,718	-
Provisions tax adjustment	2	335
Taxation charge for the year	6,764	-

### 9 Tangible fixed assets

	Computers
	£
<b>Cost</b>	
At 1 April 2021 and 31 March 2022	9,267
<b>Depreciation and impairment</b>	
At 1 April 2021	8,704
Depreciation charged in the year	337
At 31 March 2022	9,041
<b>Carrying amount</b>	
At 31 March 2022	226
At 31 March 2021	563

### 10 Fixed asset investments

	Notes	2022	2021
		£	£
Investments in subsidiaries	11	11,514,737	11,514,737

# VTECH COMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 11 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
VTech Technologies Canada Ltd.	Canada	Class A Common Voting Shares	100.00	-
VTech Technologies Canada Ltd.	Canada	Class B Common Non-Voting Shares	100.00	-
Snom Technology GmbH	Germany	Ordinary	100.00	-
Snom Technology Ltd	Taiwan	Ordinary	0	100.00
Snom Solutions GmbH	Germany	Ordinary	0	100.00

### 12 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	-	583
Amounts owed by group undertakings	244,742	206,657
Other debtors	9,955	6,647
Prepayments and accrued income	828	304
	<u>255,525</u>	<u>214,191</u>
	<b>2022 £</b>	<b>2021 £</b>
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (note 14)	23,236	30,000
	<u>278,761</u>	<u>244,191</u>
<b>Total debtors</b>	<b>278,761</b>	<b>244,191</b>

### 13 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	15,599	9,083
Amounts owed to group undertakings	45,216	44,010
Taxation and social security	13,923	31,440
Accruals and deferred income	27,089	25,493
	<u>101,827</u>	<u>110,026</u>

# VTECH COMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 14 Deferred taxation

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

	Assets 2022 £	Assets 2021 £
<b>Balances:</b>		
Accelerated capital allowances	23,236	30,000
	<u>23,236</u>	<u>30,000</u>
<b>Movements in the year:</b>		<b>2022 £</b>
Asset at 1 April 2021		(30,000)
Charge to profit or loss		6,764
		<u>6,764</u>
Asset at 31 March 2022		(23,236)
		<u>(23,236)</u>

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

Deferred tax is not recognised in respect of losses of £1,894,290 (2021: £1,929,554) as it is not probable that they will be recovered against future taxable profits.

### 15 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	27,809	27,398
	<u>27,809</u>	<u>27,398</u>

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 £3,623 (2021: £2,389) were payable to the fund at the year end and are included in creditors.

### 16 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	11,410,000	11,410,000	11,410,000	11,410,000
	<u>11,410,000</u>	<u>11,410,000</u>	<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.

# **VTECH COMMUNICATIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2022***

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### **17 Reserves**

#### **Profit and loss reserves**

Cumulative profit and loss net of distributions to owners.

### **18 Ultimate 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 considered is that headed by VTech Holdings Limited, incorporated in Bermuda. The consolidated accounts for the group are available to the public and can be obtained from 23rd Floor, Tai Ping Industrial Centre, Block 1, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong.

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.