

**CSL (DUALCOM) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

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**CSL (DUALCOM) LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	S J Banks D J Doble P Hollett S S Chandorkar R J Evans A Mann J Shipp
<b>COMPANY SECRETARY</b>	D J Doble
<b>REGISTERED NUMBER</b>	03155883
<b>REGISTERED OFFICE</b>	Salamander Quay West Park Lane Harefield Middlesex UB9 6NZ
<b>INDEPENDENT AUDITORS</b>	PricewaterhouseCoopers LLP The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1UT
<b>BANKERS</b>	National Westminster Bank plc 48 High Street Uxbridge Middlesex UB8 1UT

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**CSL (DUALCOM) LIMITED**

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## CSL (DUALCOM) LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

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#### BUSINESS REVIEW

The principal activity of the company during the year was to develop and market electronic security products.

The results for the year are given in the profit and loss account of the financial statements. As this shows, the company's turnover increased by 11% to £19,388,182 in the year to 31st March 2017. The balance sheet of the financial statements shows that the company's net assets of £18,443,426 are higher at the year end than at 31st March 2016 due to the net profit of £4,586,362. The Directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

#### KEY PERFORMANCE INDICATORS (KPIs)

The following KPIs are relevant in reviewing the performance of the company during the year ended 31 March 2017.

KPI	Definition and method of calculation	2017	2016
Growth in turnover from continuing operations (%)	Year on year sales growth for continuing operations expressed as a percentage	11%	16%
EBITDA (%)	Year on year EBITDA (*) growth for continuing operations expressed as a percentage  (*) - calculated as operating profit and adding back depreciation and amortisation on fixed assets	3%	22%


#### PRINCIPAL RISKS AND UNCERTAINTIES

The directors believe that the current economic state has caused the market to be more driven by price and service quality. The company is confident that it can continue to deliver products and service levels that exceed customers' expectations. A large part of the company's income is derived from recurring airtime charges. This provides the company with a healthy cash inflow which allows it to continue investing in the development of new products.

The principal risks facing the business are:

- Suppliers – the company has relationships with a number of the leading mobile network operators. These relationships are key to the company's success, and as such there is regular contact and long term contracts are in place.
- Technology and services – the company continues to invest heavily in its proprietary Gemini platform, new products and network infrastructure. The resilience of the company's Gemini platform and infrastructure are integral to the ongoing success of the company.

This report was approved by the board and signed by its order.

  
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**D J Doble**  
Secretary

Date: 23 August 2017

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## **CSL (DUALCOM) LIMITED**

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### **DIRECTORS' REPORT TO THE MEMBERS OF CSL (DUALCOM) LIMITED**

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The directors present their report and the audited financial statements for the year ended 31 March 2017.

#### **DIRECTORS**

The directors who served during the year and up to the date of these financial statements were:

S J Banks  
D J Doble  
P Hollett  
S S Chandorkar  
R J Evans  
D J Hewitt (resigned 30 April 2016)  
A Mann  
A T Allen (resigned 20 February 2017)  
J Shipp

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year and since the year end up to the date these financial statements were signed.

#### **EMPLOYEES**

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Where people became disabled during the course of their employment, every effort is made to retain their services and to provide retraining if necessary. All employees are eligible for consideration for appropriate training, career development and promotional opportunities. Disabled persons are not treated differently in this respect.

#### **FUTURE DEVELOPMENT AND STRATEGY**

The strategy of the company is focussed on growing the business geographically in Europe within the Security and Healthcare sectors, and continuing to broaden the services it offers to customers.

To this end the company continues to invest heavily in resource, technology and infrastructure in these new areas.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

PricewaterhouseCoopers LLP have been retained as auditors of CSL (Dualcom) Limited under Section 485 of the Companies Act 2006.

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## CSL (DUALCOM) LIMITED

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### DIRECTORS' REPORT TO THE MEMBERS OF CSL (DUALCOM) LIMITED

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#### FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of price, credit, liquidity and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of risk and the related finance costs.

##### Credit risk

The company is exposed to customer credit risk through continuing uncertainty in the economy. The company has implemented policies that require appropriate credit checks on potential customers before work is undertaken. Additionally any significant increases in activity on existing clients will result in a reassessment of their credit risk.

##### Price risk

Given the size of the group's operations, the costs of continually managing exposure to commodity price risk exceeds any significant potential benefits. The risk is mitigated due to the on-going centralisation of the group procurement team and also certain inputs being rechargeable directly to clients. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature

##### Liquidity risk

The company actively maintain short-term debt finance through intercompany funding and a positive bank balance. These measures are designed to ensure the company has sufficient available funds for operations and planned expansions.

##### Interest rate risk

The company has no interest bearing liabilities and income from interest bearing assets are insignificant to the company's results.

##### Foreign currency risk

The majority of the company's customers and suppliers are in the United Kingdom. The foreign currency exposure arising from this small proportion of foreign currency customers and suppliers is deemed low risk by the directors. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

##### Capital risk

The company manages its capital risk to safeguard its ability to continue as a going concern and maintain an optimal capital structure to minimise the cost of capital. This is done through changes made to the underlying debt structures, within the group entity, Sunny Topco Limited.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)*, 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.

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## CSL (DUALCOM) LIMITED

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### DIRECTORS' REPORT TO THE MEMBERS OF CSL (DUALCOM) LIMITED

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#### STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements ; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the board on **23 August 2017** and signed by its order.



**D J Doble**  
Secretary

Salamander Quay West  
Park Lane  
Harefield  
Middlesex  
UB9 6NZ

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## CSL (DUALCOM) LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSL (DUALCOM) LIMITED

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## Report on the financial statements

### Our opinion

In our opinion, CSL (Dualcom) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

### What we have audited

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2017;
- the Profit and Loss account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## 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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.



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## CSL (DUALCOM) LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSL (DUALCOM) LIMITED

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We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

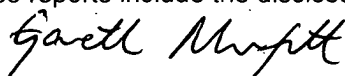
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Gareth Murfitt (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge

23 August 2017

**CSL (DUALCOM) LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
<b>TURNOVER</b>	4	19,388,182	17,522,006
Cost of sales		<u>(7,911,633)</u>	<u>(7,557,419)</u>
<b>GROSS PROFIT</b>		11,476,549	9,964,587
Distribution costs		(3,813,020)	(3,527,270)
Administrative expenses		<u>(2,975,135)</u>	<u>(1,905,822)</u>
<b>OPERATING PROFIT</b>	5	4,688,394	4,531,495
Interest receivable and similar income		<u>5,148</u>	<u>11,364</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		4,693,542	4,542,859
Tax on profit on ordinary activities	8	<u>(107,180)</u>	<u>(814,995)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>4,586,362</u></u>	<u><u>3,727,864</u></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>4,586,362</u></u>	<u><u>3,727,864</u></u>

All amounts relate to continuing operations.

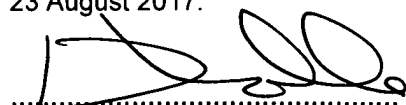
The notes on pages 10 to 21 form part of these financial statements.

**CSL (DUALCOM) LIMITED**  
**REGISTERED NUMBER: 03155883**

**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Intangible assets	9		573,987		382,347
Tangible assets	10		<u>7,913,124</u>		<u>7,389,775</u>
			8,487,111		7,772,122
<b>CURRENT ASSETS</b>					
Stocks	11	14,368		13,045	
Debtors	12	25,021,808		16,136,176	
Cash at bank and in hand			<u>2,207,151</u>	<u>3,778,354</u>	
			27,243,327	19,927,575	
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(15,232,189)</u>		<u>(11,372,140)</u>	
<b>NET CURRENT ASSETS</b>			<u>12,011,138</u>		<u>8,555,435</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			20,498,249		16,327,557
<b>CREDITORS: amounts falling due after more than one year</b>	15		<u>(2,054,823)</u>		<u>(2,470,493)</u>
<b>NET ASSETS</b>			<u>18,443,426</u>		<u>13,857,064</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		1,039,109		1,039,109
Share premium account			1,074,236		1,074,236
Profit and loss account			<u>16,330,081</u>		<u>11,743,719</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>18,443,426</u>		<u>13,857,064</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 August 2017.



**D J Doble**  
Director

The notes on pages 10 to 21 form part of these financial statements.

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**CSL (DUALCOM) LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

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	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Total shareholders' funds £</b>
At 1 April 2015	1,039,109	1,074,236	8,015,855	10,129,200
Profit for the financial year	-	-	3,727,864	3,727,864
At 31 March 2016	<b>1,039,109</b>	<b>1,074,236</b>	<b>11,743,719</b>	<b>13,857,064</b>
Profit for the financial year	-	-	4,586,362	<b>4,586,362</b>
At 31 March 2017	<b>1,039,109</b>	<b>1,074,236</b>	<b>16,330,081</b>	<b>18,443,426</b>

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## CSL (DUALCOM) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

CSL (Dualcom) Limited is a leading international Critical Connectivity® provider specialising in Machine-to-Machine (M2M) communications.

The company is privately owned, limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Salamander Quay West, Park Lane, Harefield, Middlesex, UB9 6NZ.

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006

#### 2. ACCOUNTING POLICIES

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

##### (a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

##### (b) Going concern

The company has a net asset position due to cumulative trading profits incurred. The company is forecasting to continue to be profitable and therefore continues to adopt the going concern basis in preparing these financial statements.

##### (c) Exemptions for qualifying entities under FRS 102

FRS102 allows a qualifying entity certain disclosure exemptions:

- The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, CSL Communications Group Limited, includes the company's cash flows in its own consolidated financial statements.
- The company has taken advantage of the exemption, under FRS 102 para 33.7 from disclosing total compensation of key management personnel.
- The company has taken advantage of the exemption for qualifying entities from certain financial instrument disclosures, on the basis that the equivalent disclosures are included in the consolidated financial statements of ultimate parent company.
- The company has taken advantage of the exemption, under FRS 102 33.7, from disclosing related party transactions as they are all with other companies that are wholly owned by CSL Communications Group Limited.

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## CSL (DUALCOM) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 2. ACCOUNTING POLICIES (continued)

##### **(d) Foreign currencies**

###### **(i) Functional and presentation currency**

The company's functional and presentation currency is the GBP.

###### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the end of month exchange rate.

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.

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 profit and loss account.

##### **(e) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of volume discounts and value added taxes.

Revenue is deferred when it has been invoiced but the services have not yet been delivered. Recurring airline revenue is recognised over the length of the agreement and connection fee revenue over the duration of the customer arrangement which is estimated to be 7 years.

In the event of customer cancellation, any associated deferred connection fee revenue is recognised at that point.

##### **(f) Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

###### **(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

###### **(ii) Defined contribution pension plans**

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 period in which they are due. Amounts not yet paid are shown as accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

###### **(iii) Annual bonus plan**

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

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## CSL (DUALCOM) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 2. ACCOUNTING POLICIES (continued)

##### (g) Taxation

Taxation expense for the period is recognised in the profit and loss account and comprises current and deferred tax recognised in the reporting period. Current or deferred taxation assets and liabilities are not discounted.

##### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

##### (h) Intangible Assets

Intangible assets are stated as cost less amortisation. Amortisation are calculated on a straight line basis over the useful lives of intangible assets which are estimated to be between 2 to 3 years. Intangibles assets consists of the following:

##### (i) Developed software

Development costs are capitalised within intangible assets where it can be identified with a specific product or project anticipated to produce future benefits. Capitalised development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related development and research costs is written off to the Profit and Los account.

##### (ii) Purchased software

Software consist of licences purchased from third parties.

##### (i) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and any dismantling and restoration costs. Tangible assets are reviewed for impairment at each reporting date.

Annual depreciation is calculated as follows:

Leasehold improvements	5% on cost
Fixtures and fittings	20% - 50% on written down value
Signalling equipment	14.29% on cost

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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2. ACCOUNTING POLICIES (continued)

**(j) Operating leases**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

**(k) Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account. If an impairment loss is subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

**(l) Stocks**

Inventories are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

**(m) Cash and cash equivalents**

Cash and cash equivalents represents the total deposits held in bank accounts.

**(n) Financial Instruments**

Basic financial instruments, including trade and other receivables and payables, and cash and bank balances, are initially recognised at transaction price. Long term receivables and payables are recorded at the present value of future receipts or payments, discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is recognised immediately in profit or loss. Where a reversal of the impairment is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

**(o) Share capital**

Called up share capital consists of ordinary shares and is classified within equity.



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CSL (DUALCOM) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charges for tangible and intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers various factors, including the current credit rating of the debtor, the ageing profile of the debtor, and historical experience.

4. TURNOVER

A geographical analysis of turnover is as follows:

	2017 £	2016 £
United Kingdom	18,601,527	16,985,210
Overseas	<u>786,655</u>	<u>536,796</u>
	<b><u>19,388,182</u></b>	<b><u>17,522,006</u></b>

An analysis of revenue type is as follows:

	£	£
Sale of services	18,401,465	16,555,001
Sale of goods	<u>986,717</u>	<u>967,005</u>
	<b><u>19,388,182</u></b>	<b><u>17,522,006</u></b>

**CSL (DUALCOM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**5. OPERATING PROFIT**

The operating profit is stated after charging.

	2017 £	2016 £
Amortisation of intangible fixed assets	278,600	201,463
Depreciation of tangible fixed assets (owned)	1,891,444	1,911,510
Auditors' remuneration	60,000	25,000
Operating lease rentals:		
- plant and machinery	2,914	9,405
- other operating leases	139,549	127,090
Loss on disposal of fixed assets	602,260	695,439
Difference on foreign exchange	<u>11,082</u>	<u>116,867</u>

**6. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	3,765,677	2,968,419
Social security costs	413,886	346,770
Other pension costs	135,394	115,194
	<u>4,314,957</u>	<u>3,430,383</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Selling and distribution	64	59
Administration	23	19
	<u>87</u>	<u>78</u>

**7. DIRECTORS' REMUNERATION**

	2017 £	2016 £
Remuneration	<u>705,816</u>	<u>589,281</u>
Company pension contributions to defined contribution pension schemes	<u>83,234</u>	<u>84,153</u>

During the year retirement benefits were accruing to 8 directors (2016 - 9) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £159,402 (2016 - £113,279). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,500 (2016 - £8,755).

**CSL (DUALCOM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**8. TAX ON PROFIT**

	2017 £	2016 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	527,842	8,165
Adjustments in respect of prior periods	(37,224)	(86,268)
<b>Total current tax</b>	<u>490,618</u>	<u>(78,103)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	56,206	776,661
Effect of increased tax rate on opening liability	35,645	34,437
Prior year adjustment	(475,289)	82,000
<b>Total deferred tax</b> (see note 13)	<u>(383,438)</u>	<u>893,098</u>
<b>Tax on profit</b>	<u><u>107,180</u></u>	<u><u>814,995</u></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit before taxation	<u>4,693,542</u>	<u>4,542,859</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	938,708	908,572
<b>Effects of:</b>		
Expenses not deductible for tax purposes	59,721	10,323
Effect of change in tax rate	35,645	34,437
Group relief	(566,224)	(233,059)
Transfer pricing adjustment	151,843	98,990
Adjustments in respect of prior periods	(512,513)	(4,268)
<b>Current tax charge for the year</b> (see note above)	<u><u>107,180</u></u>	<u><u>814,995</u></u>

**CSL (DUALCOM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**9. INTANGIBLE FIXED ASSETS**

	Developed software £	Purchased software £	Total £
<b>Cost</b>			
At 1 April 2016	535,128	635,684	<b>1,170,812</b>
Additions	<u>156,603</u>	<u>313,637</u>	<u><b>470,240</b></u>
At 31 March 2017	<u>691,731</u>	<u>949,321</u>	<u><b>1,641,052</b></u>
<b>Accumulated Amortisation</b>			
At 1 April 2016	427,492	360,973	<b>788,465</b>
Charge for the year	<u>118,398</u>	<u>160,202</u>	<u><b>278,600</b></u>
At 31 March 2017	<u>545,890</u>	<u>521,175</u>	<u><b>1,067,065</b></u>
<b>Net book value</b>			
At 31 March 2017	<u>145,841</u>	<u>428,146</u>	<u><b>573,987</b></u>
At 31 March 2016	<u>107,636</u>	<u>274,711</u>	<u><b>382,347</b></u>

**10. TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Fixtures and fittings £	Signalling equipment £	Total £
<b>Cost</b>				
At 1 April 2016	199,519	984,750	14,528,143	<b>15,712,412</b>
Additions	59,049	282,187	2,675,817	<b>3,017,053</b>
Disposals	<u>-</u>	<u>-</u>	<u>(1,141,972)</u>	<u><b>(1,141,972)</b></u>
At 31 March 2017	<u>258,568</u>	<u>1,266,937</u>	<u>16,061,988</u>	<u><b>17,587,493</b></u>
<b>Accumulated Depreciation</b>				
At 1 April 2016	110,885	664,165	7,547,587	<b>8,322,637</b>
Charge for the year	43,649	134,417	1,713,378	<b>1,891,444</b>
On disposals	<u>-</u>	<u>-</u>	<u>(539,712)</u>	<u><b>(539,712)</b></u>
At 31 March 2017	<u>154,534</u>	<u>798,582</u>	<u>8,721,253</u>	<u><b>9,674,369</b></u>
<b>Net book value</b>				
At 31 March 2017	<u>104,034</u>	<u>468,355</u>	<u>7,340,735</u>	<u><b>7,913,124</b></u>
At 31 March 2016	<u>88,634</u>	<u>320,585</u>	<u>6,980,556</u>	<u><b>7,389,775</b></u>

The loss on disposal of signalling equipment is due to 'early disconnections' where the assets are written off at this time. Deferred connections fees totalling £340,000 (2016: £337,145) relating to these assets were recognised as revenue at that point. Signalling Equipment included in Tangible Fixed Assets is at customer premises

**CSL (DUALCOM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**11. STOCKS**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Finished goods	<u><b>14,368</b></u>	<u><b>13,045</b></u>

**12. DEBTORS**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Due after more than one year</b>		
Deferred tax asset (see note 13)	<b>701,534</b>	<b>309,931</b>
Prepayments and accrued income	<b>365,724</b>	<b>295,743</b>
	<u><b>1,067,258</b></u>	<u><b>605,674</b></u>
<b>Due within one year</b>		
Trade debtors	<b>3,668,233</b>	<b>2,727,540</b>
Amounts owed by group undertakings	<b>19,929,575</b>	<b>12,334,380</b>
Other debtors	<b>27,288</b>	<b>46,078</b>
Corporate tax receivable	<b>11,621</b>	<b>191,107</b>
Prepayments and accrued income	<b>317,833</b>	<b>223,232</b>
Deferred tax asset (see note 13)	<b>-</b>	<b>8,165</b>
	<u><b>23,954,550</b></u>	<u><b>15,530,502</b></u>
	<u><u><b>25,021,808</b></u></u>	<u><u><b>16,136,176</b></u></u>

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**CSL (DUALCOM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**13. DEFERRED TAX ASSET**

	2017 £	2016 £
At beginning of year	318,096	1,211,193
Charged to the Income Statement during the year	(91,851)	(811,097)
Adjustment in respect of prior years	475,289	(82,000)
	<u>701,534</u>	<u>318,096</u>
At end of year	<u>701,534</u>	<u>318,096</u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	699,735	308,069
Other timing differences	1,799	10,027
	<u>701,534</u>	<u>318,096</u>

Split of when deferred tax asset is recoverable:

	2017 £	2016 £
Within 12 months	-	8,165
After 12 months	701,534	309,931
	<u>701,534</u>	<u>318,096</u>

**Factors that may affect future tax charges**

Finance Act 2015 included legislation reducing the main UK corporation tax rate from 20% to 19%, effective from 1 April 2017. A further reduction to 18% was also enacted with an effective from date of 1 April 2020. The deferred tax balances have been re-measured at these rates as appropriate as they are the latest substantially enacted tax rates.

The Chancellor has announced that the main UK corporation tax rate will now be reduced to 17% with an effective from date of 1 April 2020.

The directors consider the impact of these tax changes to be immaterial on the financial statements.

**CSL (DUALCOM) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**14. CREDITORS:  
Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	1,813,870	1,625,650
Amounts owed to group undertakings	7,276,012	3,706,229
Other taxation and social security (see below)	473,396	529,039
Accruals	915,699	861,582
Deferred income	4,753,212	4,649,640
	<u>15,232,189</u>	<u>11,372,140</u>

The amounts owed to group undertakings are unsecured, interest free and repayable on demand. As at 31 March 2017 there were outstanding pension contributions of £5,537 (2016: £10,347).

**15. CREDITORS:  
Amounts falling due after more than one year**

	2017 £	2016 £
Deferred income	2,054,823	2,470,493
	<u>2,054,823</u>	<u>2,470,493</u>

**16. CALLED UP SHARE CAPITAL**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
1,039,109 (2016: 1,039,109) - Ordinary shares of £1 each	<u>1,039,109</u>	<u>1,039,109</u>

**17. OPERATING LEASE COMMITMENTS**

At 31 March 2017 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	2017 £	2016 £	2017 £	2016 £
<b>Expiry date:</b>				
Within 1 year	108,385	108,385	30,688	14,421
Between 2 and 5 years	426,538	426,538	36,059	17,995
After more than 5 years	71,090	177,724	-	-
	<u>606,013</u>	<u>712,647</u>	<u>66,747</u>	<u>32,416</u>

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**CSL (DUALCOM) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**18. RELATED PARTY TRANSACTIONS**

The majority shareholders' investment in the ultimate parent undertaking was managed by Bowmark Capital LLP until 12 August 2016 on which date the group was sold to three investment funds, Norland Capital, ICONIQ Capital and RIT Capital Partners, and management.

No transactions with related parties were undertaken such as required to be disclosed under Financial Reporting Standard 102 para 33.

The company has taken advantage of the exemption not to disclose transactions with wholly owned group entities.

**19. ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Dualcom Holdings Limited and the ultimate parent undertaking is Sunny Topco Limited, registered in England.

The smallest group of undertakings, of which the company is a member, that produce consolidated Financial Statements is Sunny Bidco Limited. The largest group of undertakings, of which the company is a member, that produce consolidated Financial Statements is Sunny Topco Limited. Financial statements are publicly available and can be obtained from the companies' registered office: Salamander Quay West, Park Lane, Harefield, Middlesex, UB9 6NZ.