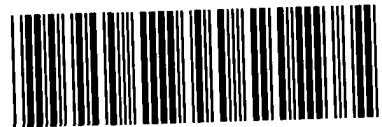

CSL (DUALCOM) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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CSL (DUALCOM) LIMITED

COMPANY INFORMATION

Directors	Simon James Banks Santosh Satish Chandorkar Robert John Evans Edward Heale Philip Hollett Thomas Leigh Anthony Edward Mann Jon Shipp
Company secretary	Vistra Cosec Limited
Registered number	03155883
Registered office	Salamander Quay West Park Lane Harefield Middlesex UB9 6NZ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX
Bankers	National Westminster Bank plc Unit 227-228 Intu Shopping Centre The Chimes High Street Uxbridge Middlesex UB8 1LA

CSL (DUALCOM) LIMITED

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CSL (DUALCOM) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their strategic report for the year ended 31 March 2020.

Business review

The principal activity of the company during the year was to develop, market and sell 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 10% to £29.1m in the year to 31st March 2020. The balance sheet of the financial statements shows that the company's net assets of £34.1m are higher at the year-end than at 31st March 2019 due to the net profit of £4.8m. 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.

As part of a Group re-organisation, on 30th September 2019 CSL Communications Group Limited transferred the trade and assets of WebWayOne Limited into CSL Dualcom Limited. This transfer added £2.0m revenue in the year ending 31st March 2020.

KPI	Definition and method of calculation	2020	2019
Growth in turnover from continuing operations (%)	Year on year sales growth for continuing operations expressed as a percentage	10%	20%
EBITDA %	Year on year EBITDA (*) growth for continuing operations (*) - calculated as operating profit and adding back depreciation and amortisation on fixed assets	6%	13%

CSL (DUALCOM) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Principal risks and uncertainties

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 existing and new platforms, new products and network infrastructure. The resilience of the company's Gemini platform and infrastructure are integral to the ongoing success of the company.

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 the potential benefits. The risk is mitigated by a centralised group procurement team and also certain inputs being rechargeable directly to clients. The directors will review 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 that 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 the small proportion of foreign currency customers and suppliers is deemed low risk by the directors. The directors will review 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.

CSL (DUALCOM) LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

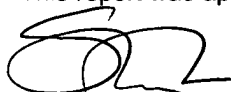
Brexit Risk

In the year ending 31st March 2020, management undertook a review of the principal risks to the business driven by a potential 'hard Brexit'. Following this review, specific action has been taken to limit foreign exchange, import duty and VAT risks within the supply chain by utilising European entities within the group as well as other opportunities identified through the review. This risk continues to be monitored by management ahead of an expected end to the transition period on 31st December 2020.

Covid-19 Risk

The impact of the novel Covid-19 virus (corona virus) in the final quarter of the year ending 31st March 2020 prompted management to complete a detailed risk assessment on both cashflow and profitability. Owing to the predominantly recurring nature of revenues within the group's commercial model, profitability is expected not to be materially impacted by the corona virus. The primary risk to cashflow was identified as cash collections. Following a scenario review management concluded that the risk was low. This assertion has been supported by cash collections to date.

This report was approved by the board on *21st October 2020* and signed on its behalf.



Thomas Leigh
Director

CSL (DUALCOM) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

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

Results and dividends

The profit for the year, after taxation, amounted to £5.7m (2019 - £5.6m).

No dividends were paid during the year ended 31 March 2020.

Directors

The directors of the company who served during the year and up to the signing of the accounts were:

Simon James Banks
Santosh Satish Chandorkar
Robert John Evans
Edward Heale
Philip Hollett
Thomas Leigh
Anthony Edward Mann
Jon Shipp

Political contributions

No political donations were made or political expenditures incurred in accordance with the Companies Act 2006, in respect of political parties during the financial year ended 31 March 2020 (2019: £Nil).

CSL (DUALCOM) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Future developments

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.

Financial risk management objectives, policies and exposure

Details of the Company's approach to financial risk management objectives and policies are set out on page 2 of the strategic report

Qualifying third party indemnity provisions

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

Post balance sheet events

On July 30th 2020 the ultimate parent of the company, Sunny Topco Limited, was acquired by Fire Bidco Limited, whose ultimate parent undertaking is Fire Topco Limited a company managed by ECI Partners LLP.

Statement as to disclosure to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors were unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *21st October 2020* and signed on its behalf.



Thomas Leigh
Director

CSL (DUALCOM) LIMITED

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the statement of comprehensive income for the year ended 31 March 2020; the statement of changes in equity for the year ended 31 March 2020; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

CSL (DUALCOM) LIMITED

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

22 October 2020

CSL (DUALCOM) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £0k	2019 £000
Turnover	4	29,136	26,501
Cost of sales		(11,024)	(9,994)
Gross profit		18,112	16,507
Distribution costs		(6,455)	(5,319)
Administrative expenses		(5,430)	(5,034)
Operating profit	5	6,227	6,154
Interest receivable and similar income	8	4	3
Profit before taxation		6,231	6,157
Tax on profit	9	(565)	(582)
Profit for the financial year		5,666	5,575

There was no other comprehensive income for 2020 (2019:£0k).

The notes on pages 12 to 29 form part of these financial statements.

CSL (DUALCOM) LIMITED
REGISTERED NUMBER: 03155883

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	11	1,654	1,667
Tangible assets	12	12,754	10,379
		<u>14,408</u>	<u>12,046</u>
Current assets			
Stocks	13	875	734
Debtors: amounts falling due after more than one year	14	914	936
Debtors: amounts falling due within one year	14	36,921	36,658
Cash at bank and in hand	15	3,945	868
		<u>42,655</u>	<u>39,196</u>
Creditors: amounts falling due within one year	16	(21,100)	(20,404)
Net current assets		<u>21,555</u>	<u>18,792</u>
Total assets less current liabilities		<u>35,963</u>	<u>30,838</u>
Creditors: amounts falling due after more than one year	17	(1,038)	(1,579)
Net assets		<u><u>34,925</u></u>	<u><u>29,259</u></u>
Capital and reserves			
Called up share capital	19	1,039	1,039
Share premium account		1,074	1,074
Profit and loss account		32,812	27,146
Total equity		<u><u>34,925</u></u>	<u><u>29,259</u></u>

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

21st October 2020



Thomas Leigh
Director

The notes on pages 12 to 29 form part of these financial statements.

CSL (DUALCOM) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2019	1,039	1,074	27,146	29,259
Profit for the year	-	-	5,666	5,666
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	<hr/> 1,039 <hr/>	<hr/> 1,074 <hr/>	<hr/> 32,812 <hr/>	<hr/> 34,925 <hr/>

The notes on pages 12 to 29 form part of these financial statements.

CSL (DUALCOM) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2018	1,039	1,074	21,571	23,684
Profit for the year	-	-	5,575	5,575
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	<hr/> 1,039 <hr/>	<hr/> 1,074 <hr/>	<hr/> 27,146 <hr/>	<hr/> 29,259 <hr/>

The notes on pages 12 to 29 form part of these financial statements.

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

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

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The accounting policies have been applied consistently to all periods shown.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company has adopted merger accounting for business combination involving entities under common control (i.e. transfer of trade and assets). Wherein the transfer is accounted for prospectively by bringing the net asset book values at the date of the transfer and only recognising the profits of the acquired business from the date of transfer. The Company accounts for all the business combinations involving entities under common control under merger accounting.

During the previous year the directors decided to early adopt the amendments to FRS102 as per the recent triennial review completed by the FRC. The amendments did not have a material impact on the financial statements of the company.

The following principal accounting policies have been applied:

2.2 Going concern

The company has a net asset position and is forecast to maintain this. The company, therefore continues to adopt the going concern basis in preparing the financial statements.

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

2.4 Revenue

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

Sale of goods

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

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

Rendering of services

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

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

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.4 Revenue (continued)

Revenue is deferred when it has been invoiced but the services have not yet been delivered. Recurring airtime 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.

Assets used in delivering services and residing on customer premises are included in tangible assets.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 2 to 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Interest income

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

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.9 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.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

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

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

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

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

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

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is 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 Loss account.

(ii) Purchased software

Software consists of licences purchased from third parties.

2.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Short-term leasehold improvements	- 5% on cost
Fixtures and fittings	- 20 - 50% on written down value
Signalling Equipment	- 14.29% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised on a first in first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.14 Debtors

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

2.15 Cash and cash equivalents

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

2.16 Creditors

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

2.17 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.

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

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

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

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.17 Financial instruments (continued)

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

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

2.18 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.

3. Judgments in applying accounting policies and key sources of 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.

The estimated useful economic life of signalling equipment held at customer premises is 7 years. When customers disconnect these units the net book value of the device is written off and any associated connection fee on the balance sheet is written back.

(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.

iii) Capitalised development costs

The company capitalises staff and external supplier time spent on developing and upgrading its systems and platforms. Estimates are used based on the work performed by specific members of staff to calculate the amount to be capitalised. These costs are then depreciated over 2 or 3 years depending on the nature of the work involved.

CSL (DUALCOM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£000	£000
Sale of Goods	1,956	1,501
Rendered Services	27,180	25,000
	29,136	26,501

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
United Kingdom	27,173	23,658
Rest of the world	1,963	2,843
	29,136	26,501

5. Operating profit

The operating profit is stated after charging / (crediting):

	2020	2019
	£000	£000
Amortisation of intangible fixed assets	1,330	1,194
Depreciation of tangible fixed assets (owned)	2,704	2,361
Operating lease rentals:		
- plant and machinery	3	3
- other operating leases	280	242
Loss on disposal of fixed assets	729	718
Exchange differences	192	(36)
Audit remuneration relating to the audit of:		
- the parent company and group consolidated financial statements	17	26
- the subsidiary financial statements	63	62
Other assurance related services	-	3
Tax services	37	39

CSL (DUALCOM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. Employees

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

	2020	2019
	£000	£000
Wages and salaries	5,738	4,374
Social security costs	678	535
Other pension costs	175	136
	6,591	5,045

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

	2020	2019
	No.	No.
Selling and distribution	94	76
Administration	25	21
	119	97

7. Directors' remuneration

	2020	2019
	£000	£000
Remuneration	1,232	1,320
Company contributions to defined contribution pension schemes	45	50
	1,277	1,370

During the year retirement benefits were accruing to 6 directors (2019 - 8) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £264k (2019 - £230k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2019 - £7k).

CSL (DUALCOM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. Interest receivable and similar income

	2020	2019
	£000	£000
Other interest receivable	4	3
	<u>4</u>	<u>3</u>
	<u><u>4</u></u>	<u><u>3</u></u>

9. Tax on profit

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	579	568
Adjustments in respect of previous periods	11	(27)
	<u>590</u>	<u>541</u>
	<u><u>590</u></u>	<u><u>541</u></u>
Total current tax		
	<u>590</u>	<u>541</u>
	<u><u>590</u></u>	<u><u>541</u></u>
Deferred tax		
Origination and reversal of timing differences	52	13
Effect of changes in tax rates	(64)	(1)
Adjustments in respect of previous periods	(13)	29
	<u>(25)</u>	<u>41</u>
Total deferred tax		
	<u>(25)</u>	<u>41</u>
	<u><u>(25)</u></u>	<u><u>41</u></u>
Taxation on profit		
	<u>565</u>	<u>582</u>
	<u><u>565</u></u>	<u><u>582</u></u>

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

9. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	6,231	6,157
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,184	1,170
Effects of:		
Expenses not deductible for tax purposes	23	15
Adjustments in respect of previous periods	(2)	2
Effect of change in tax rate	(64)	(1)
Group relief	(854)	(863)
Transfer pricing adjustment	278	259
Total tax charge for the year	565	582

Factors that may affect future tax charges

The rate applicable from 1 April 2020 now remains at 19 percent, rather than the previously enacted reduction to 17 percent.

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 2020**

10. Group Re-organisation

On 30th September 2019 the assets and liabilities of WebWayOne Limited were transferred at net book value into the Balance Sheet of CSL Dualcom Limited. The net book value of the assets and liabilities on the date of transfer are shown below:

	WebWayOne Ltd £000
Tangible Fixed Assets	435
Intangible Fixed Assets	100
Debtors	1,607
Cash and cash equivalents	255
Creditors	(434)
Net Assets Acquired	1,963

11. Intangible assets

	Developed software £000	Purchased software £000	Total £000
Cost			
At 1 April 2019	2,274	2,192	4,466
Additions	678	539	1,217
Intra-group transfers	70	30	100
At 31 March 2020	3,022	2,761	5,783
Amortisation			
At 1 April 2019	1,487	1,312	2,799
Charge for the year on owned assets	830	500	1,330
At 31 March 2020	2,317	1,812	4,129
Net book value			
At 31 March 2020	705	949	1,654
<i>At 31 March 2019</i>	<i>787</i>	<i>880</i>	<i>1,667</i>

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. Tangible fixed assets

	Short-term leasehold property £000	Fixtures and fittings £000	Signalling equipment £000	Total £000
Cost or valuation				
At 1 April 2019	314	1,913	21,003	23,230
Additions	1	559	4,813	5,373
Intra-group transfers	264	171	-	435
Disposals	-	-	(1,363)	(1,363)
At 31 March 2020	579	2,643	24,453	27,675
Depreciation				
At 1 April 2019	211	1,158	11,482	12,851
Charge for the year on owned assets	53	304	2,347	2,704
Disposals	-	-	(634)	(634)
At 31 March 2020	264	1,462	13,195	14,921
Net book value				
At 31 March 2020	315	1,181	11,258	12,754
At 31 March 2019	103	755	9,521	10,379

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 £371k (2019: £452k) 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 2020**

13. Stocks

	2020	2019
	£000	£000
Finished goods	875	734
	<u>875</u>	<u>734</u>

14. Debtors

	2020	2019
	£000	£000
Due after more than one year		
Prepayments and accrued income	359	385
Deferred tax asset	555	551
	<u>914</u>	<u>936</u>
	2020	2019
	£000	£000
Due within one year		
Trade debtors	5,716	5,287
Amounts owed by group undertakings	30,267	30,612
Other debtors	316	196
Prepayments and accrued income	622	563
	<u>36,921</u>	<u>36,658</u>

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

15. Cash at bank and in hand

	2020	2019
	£000	£000
Cash at bank and in hand	3,945	868
	<u>3,945</u>	<u>868</u>

CSL (DUALCOM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	3,550	3,358
Amounts owed to group undertakings	9,006	9,639
Corporation tax	57	177
Other taxation and social security	873	624
Accruals and deferred income	7,614	6,606
	<u>21,100</u>	<u>20,404</u>

The amounts owed by group undertakings are unsecured, interest free and repayable on demand. As at 31 March 2020 there were outstanding pension contributions of £41k (2019: £16k).

17. Creditors: Amounts falling due after more than one year

	2020	2019
	£000	£000
Accruals and deferred income	1,038	1,579
	<u>1,038</u>	<u>1,579</u>

18. Deferred taxation

	2020	2019
	£000	£000
At beginning of year	551	592
Charged to profit or loss	12	(11)
Adjustment in respect of prior periods	13	(30)
Movement arising on transfer of trade	(21)	-
At end of year	<u>555</u>	<u>551</u>

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

18. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	545	541
Other timing differences	10	10
	<u>555</u>	<u>551</u>

19. Called-up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
1,039,109 (2019 - 1,039,109) Ordinary shares of £1 each	<u>1,039</u>	<u>1,039</u>

20. Capital commitments and contingent liabilities

There are no material capital commitments (2019: £nil).

The borrowings of Sunny Bidco Limited are secured by the assets of the company and guaranteed by fellow members of the Group. At 31 March 2020, Group borrowings amounted to £55,070k (2019: £50,144k).

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

21. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Land and buildings		
Within 1 year	218	223
Between 2 and 5 years	334	549
	<u>552</u>	<u>772</u>
	2020 £000	2019 £000
Other		
Within 1 year	53	27
Between 2 and 5 years	48	16
After more than 5 years	-	-
	<u>101</u>	<u>43</u>

22. Related party transactions

The group is owned by 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.

CSL (DUALCOM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

23. Post balance sheet events

Group acquisition and refinancing

On July 30th 2020 the ultimate parent of the company, Sunny Topco Limited, was acquired by Fire Bidco Limited, whose ultimate parent undertaking is Fire Topco Limited a company managed by ECI Partners LLP.

As part of this transaction, the group's external bank debt, including accrued interest was repaid and a £75,000k bridge loan was provided from ECI Partners LLP. On September 24th 2020, the group agreed a refinancing package which repaid the bridge loan to ECI Partners LLP and provided additional facilities for the group's growth plans.

Covid-19

The impact of the novel Covid-19 virus (corona virus) in the final quarter of the year ending 31st March 2020 prompted management to complete a detailed risk assessment on both cashflow and profitability. Owing to the predominantly recurring nature of revenues within the group's commercial model, profitability is expected not to be materially impacted by the corona virus. The primary risk to cashflow was identified as cash collections. Following a scenario review management concluded that the risk was low. This assertion has been supported by cash collections to date.

24. Ultimate Parent Undertaking

The immediate parent undertaking is Dualcom Holdings Limited and, following the acquisition of Sunny Topco Limited on July 30th 2020, the ultimate parent undertaking is Cosmos 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.