



Company No. 03290227

Directors' Report and Financial Statements

WaveCrest Networks Limited

For the year ended 31 March 2022



Company information

Company No. 03290227

Directors

Geoffrey Alexander Vincent Lockwood
Kevin Grant
Daniel Rodrigues (appointed 20th October 2022)

Auditors

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Registered office

71-75 Shelton Street
Covent Garden
London
EC2N 2QP

Strategic report

The Directors present their strategic report for Wavecrest Networks Limited (the Company) for the financial year ended 31 March 2022.

Principal Activities

The Company is engaged in the development and supply of cost effective Communications Platform as a Service ("CPaaS") solutions through its "Create" division. Consumers access these solutions either directly from the Groups' trading subsidiaries through apps developed by the Company, or indirectly via wholesale arrangements with distributors who supply the retail market under their own branded apps using the Company's technologies. In addition, the Company, through its "Connect" division, is a significant operator in the wholesale telecoms market, specialising in international calls, particularly to Africa and Asia.

The Company is committed to the on-going development of services offered by the "Create" division as fast-moving technologies, which are core to its business, develop. During FY22 and FY23, significant investment has been made in new technical infrastructure for the "Create division" and the introduction of a leading edge back office solution for the "Connect" division.

Business Review

As reported in the statement of comprehensive income, revenue has increased in 2022. The revenue for the year was £50,696,000 (2021: £49,008,000) reflecting continued focus on sales growth.

EBITDA has reduced slightly from the previous year to £3,345,000. Whilst revenue and margin have continued to grow, such growth has, in part, been offset by the business investing heavily in new staff to implement the significant technical and systems upgrades noted above.

The global pandemic of Covid-19 did not impact the Company's figures negatively and the business has continued to deliver profitable results.

The statement of financial position shows that the Company's net assets have increased during the year by 21% to £1,863,000 as a result of the profit generated in the financial year.

The Company operates ethical supply, anti-bribery, and anti-slavery policies, and has a totally non-prejudicial approach to employment, recruitment and remuneration.

Key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below.

	<i>Year to</i> 31 Mar 2022	<i>Year to</i> 31 Mar 2021	<i>Variance</i>
	£000	£000	%
Turnover	50,696	49,008	3%
Gross Profit	9,193	7,791	18%
Gross Profit Margin	18.1%	15.9%	14%
Profit / (loss) after tax	2,322	2,418	(4%)
Profit margin	4.6%	4.9%	(7%)
EBITDA	3,345	3,414	(2%)
Equity shareholders funds	1,863	1,541	21%
Cash at bank	3,059	2,714	13%
Creditor days	9	5	101%
Debtor days	16	12	30%
Current assets as % of current liabilities	113.7%	120.6%	(6%)
Number of employees at year end	64	47	36%

Despite the 18% increase in Gross Profit, EBITDA decreased by 2% due to the increased investment in staff costs mentioned above.

Creditor days have increased slightly due to a change in the supplier profile. More business opportunities have been negotiated with suppliers on longer payment terms.

Principal risks and uncertainties facing the business

Management continually monitor the key risks facing the Company together with assessing the controls used for managing these risks. The Board of Directors formally review and document the principal risks facing the business at least annually.

Treasury Operations and financial instruments

The Company has reported an EBITDA result (before unrealised foreign exchange gains/(losses)) for the year of £3,345,000 (2021: £3,414,000).

Cash generated has been used to strengthen the balance sheet by reducing long term debt. The Company has also invested in technical infrastructure, business systems and relaunched the Company's brand to position the business for future growth opportunities.

Foreign currency risk

The Company operates internationally and purchases a significant element of its supplies in US dollar and the Euro. This results in the Company being exposed to currency risk on the EURO and US dollar arising on transactions and balances. The Directors constantly review the Company's exposure to fluctuations in exchange rates and the impact on the Company's results.

Strategic report (continued)

Liquidity risk

The Company's net assets have increased to £1,863,000 at year end as a result of its strong financial performance during the year. The Directors monitor cash flow requirements to ensure that the Company has sufficient liquid resources to continue to meet its liabilities as and when they fall due.

Current assets as a percentage of current liabilities has reduced slightly during the year at 113.7% (2021: 120.6%). Trade creditors have increased as a result of the change in supplier profile mentioned above.

As at 31st March 2022, the only long term liability relates to a long term loan denominated in US Dollars (see Note 16) which is being repaid as scheduled and is due to be fully repaid as scheduled in 2024.

Credit Risk

The Company adopts a stringent approach to credit risk with thorough due diligence checks in place for all customers who seek to trade on credit. During the year, the financial impact of bad debts incurred was minimal.

Future Developments

The Company is continuing to invest in its technical infrastructure as well as in other resources where the Board has identified opportunities for future profitable growth. As a result, the Directors are confident that turnover will continue to grow but, in the short term, EBITDA is expected to decrease as a result of this on-going investment in operational resources. The Directors see such investment as critical to ensuring that the business can maximise future benefits arising from the substantial investment being made in technical infrastructure.

By order of the Board



Geoffrey Lockwood
Director

Date: 12th December 2022

Directors' report

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

Results and dividends

The results of the Company for the year ended 31 March 2022 are set out in the Statement of Comprehensive Income.

The Directors have recommend the payment of a dividend of £2,000,000 for the year ended 31 March 2022 (2021: £2,000,000).

Principal activities

The principal activities of the Company is the development and supply of cost effective Communications Platform as a Service ("CPaaS") solutions and the provision of wholesale telecoms services.

Going concern

The Directors have, at the time of approving these financial statements, a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. The Company's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Company has sufficient financial resources, together with assets that are expected to generate cash flow in the normal course of business. The global pandemic of Covid-19 did not impact the Company's figures negatively and the business has continued to deliver profitable results.

Accordingly, the Directors have adopted the going concern basis in preparing these financial statements.

Directors and their interests

The Directors who served during the year ended 31 March 2022 and to the date of this report, unless otherwise stated, were as follows:

Geoffrey Alexander Vincent Lockwood

Kevin Grant

John Kirkpatrick (Resigned 18/02/2022)

Daniel Rodrigues (Appointed 20/10/2022)

Employees

The Company has a policy of encouraging the involvement and participation of employees in matters which affect their interests as employees. It is also the Company's policy to promote health and safety at work, equality of opportunity in both recruitment and career development, and to recognise opportunities for the employment and development of the disabled.

Directors' liability insurance

The Company maintains insurance policies on behalf of all the Directors against liability arising from negligence, breach of duty and breach of trust.

Supplier payment policy

The Company aims to have mutually beneficial long-term trading relationships with its suppliers. Unless specific arrangements are agreed otherwise, the Company's standard terms are for invoices to be paid at the end of the month following that in which the invoice is received. At 31 March 2022, based on the previous 12 months of trading the period of credit taken from suppliers amounted to approximately 9 days (2021: 5 days).

Development activities

The Company is heavily committed to software development activities associated with the expansion of their CPaaS strategy. During the year the Company acquired assets and capitalised expenditure of £398,000 associated with the on-going development of this strategy.

Matters covered in the strategic report

Under S414C(11) of the Companies Act 2006, the strategic report contains a fair review of the business, details principal risks and uncertainties faced by the business and summarises the key financial and non-financial performance indicators as considered by the board of Directors. This information is therefore excluded from the Directors report.

Auditors

The Company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 485 of the Companies Act 2006. Therefore Crowe UK LLP will be deemed to be reappointed for each succeeding financial year as the auditors.

Directors' report (continued)

Provision 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 information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

By order of the Board



Geoffrey Lockwood
Director

Date: 12th December 2022

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Director's 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 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 year. Under that law, the Directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, 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.

Independent Auditor's Report to the Members of WaveCrest Networks Limited

Opinion

We have audited the financial statements of WaveCrest Networks Limited (the Company) for the year ended 31 March 2022 which comprise Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes to the Financial Statements, including significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Independent Auditor's Report to the Members of WaveCrest Networks Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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



Stephen Bullock
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 16th December 2022

Statement of comprehensive income

for the year ended 31 March 2022

	<i>Notes</i>	<i>Year to 31 Mar 2022 £000</i>	<i>Year to 31 Mar 2021 £000</i>																								
Turnover	4	50,696	49,008																								
Cost of sales		<u>(41,503)</u>	<u>(41,217)</u>																								
Gross profit		9,193	7,791																								
Administrative expenses		<u>(6,308)</u>	<u>(4,725)</u>																								
Operating profit	5	2,885	3,066																								
<table> <tr> <td>Analysed as:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>EBITDA</td> <td></td> <td style="text-align: right;">3,345</td> <td style="text-align: right;">3,414</td> </tr> <tr> <td>Depreciation and amortisation</td> <td></td> <td style="text-align: right;">(724)</td> <td style="text-align: right;">(530)</td> </tr> <tr> <td>Other income and expenditure</td> <td></td> <td style="text-align: right;">275</td> <td style="text-align: right;">141</td> </tr> <tr> <td>Unrealised exchange movement</td> <td></td> <td style="text-align: right;">(11)</td> <td style="text-align: right;">42</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>2,885</u></td> <td style="text-align: right;"><u>3,066</u></td> </tr> </table>				Analysed as:				EBITDA		3,345	3,414	Depreciation and amortisation		(724)	(530)	Other income and expenditure		275	141	Unrealised exchange movement		(11)	42			<u>2,885</u>	<u>3,066</u>
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		<u>2,885</u>	<u>3,066</u>																								
Interest payable	8	<u>-</u>	<u>-</u>																								
Profit on ordinary activities before taxation		2,885	3,066																								
Tax on profit on ordinary activities	9	<u>(563)</u>	<u>(648)</u>																								
Profit for the financial year		2,322	2,418																								
Other comprehensive income		<u>-</u>	<u>-</u>																								
Total comprehensive income for the year		<u><u>2,322</u></u>	<u><u>2,418</u></u>																								

The Company's turnover and operating profit arose from continuing operations.

There are no recognised gains or losses other than the profit attributable to the shareholder of the Company for the current and prior year.

The accompanying notes form an integral part of these financial statements.

Statement of financial position

as at 31 March 2022

	<i>Notes</i>	<i>As at 31 Mar 2022 £000</i>	<i>As at 31 Mar 2021 £000</i>
Fixed assets			
Intangible fixed assets	10	997	1,152
Tangible fixed assets	11	351	222
Investments	12	150	-
		<u>1,498</u>	<u>1,374</u>
Current assets			
Debtors : amounts falling due within one year	13	4,760	3,980
Debtors : amounts falling due after more than one year	14	42	42
Cash at bank and in hand		<u>3,059</u>	<u>2,714</u>
		7,861	6,736
Creditors : amounts falling due within one year	15	<u>(6,911)</u>	<u>(5,584)</u>
Net current assets		<u>950</u>	<u>1,152</u>
Total assets less current liabilities		2,448	2,526
Creditors : amounts falling due after more than one year	16	<u>(585)</u>	<u>(985)</u>
Net assets		<u><u>1,863</u></u>	<u><u>1,541</u></u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account	19	<u>1,863</u>	<u>1,541</u>
Surplus / (deficiency) of shareholder's funds	19	<u><u>1,863</u></u>	<u><u>1,541</u></u>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 12th December 2022



Geoffrey Lockwood
Director

Statement of changes in equity

for the year ended 31 March 2022

	<i>Notes</i>	<i>Share Capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 April 2020		-	1,123	1,123
Comprehensive profit for the year		-	2,418	2,418
Currency translation differences		-	-	-
Total comprehensive profit for the year		-	2,418	2,418
Dividends paid		-	(2,000)	(2,000)
At 31 March 2021		-	1,541	1,541
Comprehensive profit for the year		-	2,322	2,322
Currency translation differences		-	-	-
Total comprehensive profit for the year		-	2,322	2,322
Dividends paid		-	(2,000)	(2,000)
At 31 March 2022	18, 19	-	1,863	1,863

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 March 2022

	<i>Notes</i>	<i>Year to 31 Mar 2022 £000</i>	<i>£000</i>	<i>Year to 31 Mar 2021 £000</i>	<i>£000</i>
Cash flows from operating activities					
Net cash inflow from operations	20	3,680		3,704	
Interest paid		-		-	
Taxation paid		<u>(868)</u>		<u>(6)</u>	
			2,812		3,698
Cash flows from investing activities					
Investment		(150)			
Purchase of intangible and tangible fixed assets		<u>(698)</u>		<u>(480)</u>	
			(848)		(480)
Cash flows from financing activities					
Net (repayment) / advancements of shareholder loans		901		1,649	
Net (repayment) / advancements of related party loans		(132)		(266)	
Net (repayment) / advancements of other loans		(388)		(644)	
Dividends paid		<u>(2,000)</u>		<u>(2,000)</u>	
			<u>(1,619)</u>		<u>(1,261)</u>
Net increase / (decrease) in cash and cash equivalents			345		1,957
Cash and cash equivalents at beginning of year			<u>2,714</u>		<u>757</u>
Cash and cash equivalents at the end of year			<u><u>3,059</u></u>		<u><u>2,714</u></u>

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2022

1 Company information

Wavecrest Networks Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of its registered office is 71-75 Shelton Street, Covent Garden, London, WC2H 9JQ. The Company is registered at Companies House, England and Wales.

2 Accounting policies

Basis of preparation

These financial statements are prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Companies Act 2006. The following principal accounting policies have been applied consistently throughout the current and preceding year.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Wavecrest Networks Limited's management to exercise judgement in applying the Company's accounting policies. Further information can be found at note 3.

The financial statements have been prepared and presented in sterling as that is the currency of the primary economic environment in which the Company operates.

Turnover

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for services performed. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT or other sales taxes or duty.

Net Turnover is derived from the development and supply of cost-effective CPaaS solutions and the provision of wholesale telecom services.

For certain voice services, Net Turnover is earned based on the number of minutes during a call and are recorded upon completion of a call. Turnover for a period is calculated from information received through the network switches. The Company's systems allow it to track the information from the switch and analyse the call detail records against stored detailed information about turnover rates. This system provides the Company with the ability to carry out a timely and accurate analysis of turnover earned in a period. Separate prepaid services software is used to track additional information related to prepaid service usage such as activation date, monthly usage amount and expiration date.

Intangible fixed assets

Estimates of the useful economic life of intangible assets are based on a variety of factors such as the expected use of the acquired assets the expected useful life of the cash generating units to which the assets are attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar assets. The carrying values of intangible assets are reviewed for impairment annually if events or changes in circumstances indicate the carrying value may not be recoverable. The majority of current intangible assets are being amortised over a 4 year life.

Tangible fixed assets

All tangible fixed assets are stated at original cost or where part of an acquisition the net acquired value to the business. Depreciation is calculated to write off the cost of tangible fixed assets over the expected useful economic lives of the assets concerned as follows:

Network equipment	5 years straight line
Computer equipment and software	3 years straight line
Furniture, fixtures and fittings	2 years straight line

Tangible fixed assets 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.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Research and development

Costs of research are expensed to the profit and loss account as they are incurred. Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits and are amortised on the straight-line basis over the anticipated life of the benefits arising from the completed product or project which is generally considered to be four years. Deferred 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 is written off to the profit and loss account.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction is entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date.

Foreign currency borrowings have been revalued at the exchange rate ruling at the balance sheet date. The unrealised exchange gain/loss on revaluation is included in the profit and loss account within 'unrealised exchange movement'.

All other foreign exchange gains and losses are presented in profit or loss within 'other income/expenditure'.

Notes to the financial statements (continued)

for the year ended 31 March 2022

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Going concern

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The Company continues to trade profitably and cash generatively and is budgeted to continue to do so.

The directors monitor the management of the working capital and cash flow and given their forecasts are confident that they will continue to maintain positive cash balances and have the ability to meet liabilities as they fall due.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate 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.

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 tax charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Pensions

The Company operates a defined contribution pension scheme on behalf of certain directors and employees. All such costs are expensed in the year in which they fall due.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future years. This is measured at the undiscounted salary cost of the future holiday entitlement and is accrued at the balance sheet date.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

Key sources of estimation uncertainty

Tangible fixed assets:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible fixed assets:

In determining the development expenditures to be capitalised, the Company makes estimates and assumptions based on expected future economic benefits generated by products that are the result of these development expenditures. Intangible fixed assets are amortised over their useful lives. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the probable outflow of resources, and a reliable estimate can be made of the amount of the obligation.

Collectability of Trade Debtors:

The Company's allowance for doubtful debtors reflects estimated losses that result from the inability of customers to make required payments. Management determines the size of the allowance based on the likelihood of recoverability of trade debtors taking into account actual losses in prior years and current collection trends. Provisions are specific and are based on actual amounts outstanding at the year end.

Deferred taxation:

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Therefore, estimates are made to establish whether deferred tax balances should be recognised, in particular in respect of non-trading losses.

Notes to the financial statements (continued)

for the year ended 31 March 2022

4 Segmental analysis by class of business and geographical area

Turnover, profit / (loss) after taxation and net assets / (liabilities) all relate to the Company's principal activities, being the development and supply of cost-effective CPaaS solutions and the supply of wholesale telecoms services.

(a) A geographical analysis of Turnover by destination is as follows:

	<i>Turnover by destination Year to 31 Mar 2022 £000</i>	<i>Turnover by destination Year to 31 Mar 2021 £000</i>
United Kingdom	36,384	34,821
United States of America	3,545	4,317
Rest of World	10,767	9,870
	<u>50,696</u>	<u>49,008</u>

(b) Analysis of Turnover split by the main activity is as follows:

Turnover Groupings	<i>Year to 31 Mar 2022 £000</i>	<i>Year to 31 Mar 2021 £000</i>
CPaaS (Communications Platform as a Service)	20,436	20,173
Wholesale trading	30,260	28,835
	<u>50,696</u>	<u>49,008</u>

5 Operating profit

Operating profit is stated after charging / (crediting):

	<i>Year to 31 Mar 2022 £000</i>	<i>Year to 31 Mar 2021 £000</i>
Auditors' remuneration - audit	21	21
Auditors' remuneration - tax compliance	15	15
Depreciation of owned fixed assets	172	68
Amortisation of intangibles	552	462
Operating lease rentals - land and buildings	250	281
Operating lease rentals - leased circuit costs	56	53
Foreign exchange losses / (gains) realised	49	(64)

6 Directors' emoluments

The emoluments of the Directors during the year were as follows:

	<i>Year to 31 Mar 2022 £000</i>	<i>Year to 31 Mar 2021 £000</i>
Emoluments and benefits	133	124
Contributions to money purchase pension schemes	3	23
	<u>136</u>	<u>147</u>

During the year the following number of Directors accrued benefits under money purchase pension schemes:

	<i>Year to 31 Mar 2022 No.</i>	<i>Year to 31 Mar 2021 No.</i>
	<u>1</u>	<u>1</u>

	<i>Year to 31 Mar 2022 £000</i>	<i>Year to 31 Mar 2021 £000</i>
Highest paid Director:		
Aggregate emoluments and benefits	133	124
Contributions to money purchase pension schemes	3	23
	<u>136</u>	<u>147</u>

Notes to the financial statements (continued)

for the year ended 31 March 2022

7 Staff costs

Employment costs of all employees in the year were as follows:

	<i>Year to 31 Mar 2022 £000</i>	<i>Year to 31 Mar 2021 £000</i>
Wages and salaries	3,139	2,494
Social security costs	359	282
Pension contributions	98	85
	<u>3,596</u>	<u>2,861</u>

	<i>Year to 31 Mar 2022 No.</i>	<i>Year to 31 Mar 2021 No.</i>
The number of employees at the end of the year, including directors, was:	62	47
The average number of employees for the year :	55	44

8 Interest payable

	<i>Year to 31 Mar 2022 £000</i>	<i>Year to 31 Mar 2021 £000</i>
Interest	-	-
	<u>-</u>	<u>-</u>

9 Tax charge per the financial statements**Analysis of charge / (credit) for the year**

	<i>Year to 31 Mar 2022 £000</i>	<i>Year to 31 Mar 2021 £000</i>
Current tax:		
UK corporation tax at 19%	498	568
Deferred tax:		
Originating and reversal of timing differences	64	80
Total tax on profit on ordinary activities	<u>563</u>	<u>648</u>

Deferred Tax liability

	<i>31 Mar 2022 £000</i>	<i>31 Mar 2021 £000</i>
Total deferred tax liability	<u>196</u>	<u>132</u>

Provision for deferred tax

Fixed asset timing differences	203	136
Short term timing differences	(7)	(4)
Deferred tax liability	<u>196</u>	<u>132</u>

Deferred tax asset not recognised

-

Reconciliation of tax charge

	<i>Year to 31 Mar 2022 £000</i>	<i>Year to 31 Mar 2021 £000</i>
Profit / (loss) on ordinary activities before tax	<u>2,885</u>	<u>3,066</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 19%	548	583
Effects of:		
Expenses not deductible for tax purposes	3	4
Fixed assets differences	(36)	-
Deferred tax not recognised	-	61
Measurement of deferred tax for changes in tax rates	47	-
Tax charge / (credit) for the year	<u>563</u>	<u>648</u>

Notes to the financial statements (continued)

for the year ended 31 March 2022

10 Intangible fixed assets

	<i>Software Applications £000</i>	<i>Total £000</i>
At cost:		
At 1 April 2021	1,613	1,613
Additions	398	398
At 31 March 2022	<u>2,011</u>	<u>2,011</u>
Amortisation and impairment:		
At 1 April 2021	462	462
Charge for the year	552	552
At 31 March 2022	<u>1,014</u>	<u>1,014</u>
Net book value:		
At 31 March 2022	<u>997</u>	<u>997</u>
At 1 April 2021	<u>1,151</u>	<u>1,151</u>

11 Tangible fixed assets

	<i>Network Equipment £000</i>	<i>Computers (non-network) £000</i>	<i>Fixtures and fittings £000</i>	<i>Motor Vehicles £000</i>	<i>Total £000</i>
At cost:					
At 1 April 2021	290	30	35	-	355
Additions	220	35	2	43	300
At 31 March 2022	<u>510</u>	<u>65</u>	<u>37</u>	<u>43</u>	<u>655</u>
Depreciation:					
At 1 April 2021	110	4	19	-	133
Charge for the year	104	15	17	36	172
At 31 March 2022	<u>214</u>	<u>19</u>	<u>36</u>	<u>36</u>	<u>305</u>
Net book value:					
At 31 March 2022	<u>296</u>	<u>46</u>	<u>2</u>	<u>7</u>	<u>351</u>
At 31 March 2021	<u>180</u>	<u>26</u>	<u>16</u>	<u>-</u>	<u>222</u>

12 Fixed asset investments

<i>Name of Company (and country of incorporation if outside Great Britain)</i>	<i>Percentage of voting rights held</i>	<i>Percentage of ordinary shares held</i>
Moblox Limited (Registered address 27 Old Gloucester Street, London, WC1N 3AX)	7.60%	7.60%

	<i>Investments £000</i>
Cost:	
At beginning of the year	-
Addition	150
Disposal during the year	-
At 31 March 2022	<u>150</u>

13 Debtors: amounts falling due within one year

	<i>31 Mar 2022 £000</i>	<i>31 Mar 2021 £000</i>
Trade debtors	1,618	1,234
Other debtors	163	74
Amounts owed by related parties	617	485
Prepayments and accrued income	<u>2,362</u>	<u>2,187</u>
	<u>4,760</u>	<u>3,980</u>

Other debtors comprises cash receipts held by payment providers and VAT recoverable.

Notes to the financial statements (continued)

for the year ended 31 March 2022

14 Debtors: amounts falling due after more than one year

	31 Mar 2022 £000	31 Mar 2021 £000
Other debtors	42	42
	<u>42</u>	<u>42</u>

Other debtors falling due after more than one year relates to the office rent deposit.

15 Creditors: amounts falling due within one year

	31 Mar 2022 £000	31 Mar 2021 £000
Trade creditors	1,022	481
Other creditors	245	332
Amounts owed to immediate parent undertaking	1,665	764
Other taxes and social security costs	217	89
Other loans	447	435
Accruals and deferred income	3,315	3,483
	<u>6,911</u>	<u>5,584</u>

16 Creditors: amounts falling due after more than one year

	31 Mar 2022 £000	31 Mar 2021 £000
Other loans	585	985
	<u>585</u>	<u>985</u>

Other loans are repayable at a rate of \$50k (approximately £37k) per month until the loan is extinguished. The loan is expressed in USD and revalued to GBP. The outstanding balance as at 31 March 2022 was \$ 1,360k (2021: \$1,960k) which is revalued to GBP as £1,033k (2021: £1,420k). The amount due after five years is £0. The amount due within one year of £ 447k is included in other loans at note 15.

17 Deferred Taxation

The movements in the provided deferred tax balance are:

	31 Mar 2022 £000	31 Mar 2021 £000
Deferred tax liability at 1 April	132	52
Charge to profit and loss	64	80
Liability recognised	<u>196</u>	<u>132</u>

The recognised provision for deferred taxation included in other taxes and social security costs in note 15 is made up as follows:

	31 Mar 2022 £000	31 Mar 2021 £000
Fixed asset timing differences	203	136
Short term timing differences	(7)	(4)
	<u>196</u>	<u>132</u>

18 Share capital

	31 Mar 2022 £000	31 Mar 2021 £000
<i>Authorised</i>		
100,000 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1.00	<u>1</u>	<u>1</u>

The shares have attached to them full voting, dividend and capital distribution rights (including on wind up); they do not confer any rights of redemption.

Notes to the financial statements (continued)

for the year ended 31 March 2022

19 Reserves

Profit & loss account

Includes all current and prior year retained profits and losses.

Called up share capital

Represents the nominal value of shares that have been issued.

20 Notes to the statement of cash flows

(a) Reconciliation of operating loss to operating cash flows:

	<i>Year to</i> 31 Mar 2022 £000	<i>Year to</i> 31 Mar 2021 £000
Operating profit / (loss)	2,885	3,066
Depreciation	172	68
Amortisation	552	462
Tax on profit on ordinary activities	(563)	(648)
(Increase) / decrease in debtors	(648)	1,305
Increase / (decrease) in creditors	1,282	(549)
Net cash inflow from operating activities	<u>3,680</u>	<u>3,704</u>

(b) Analysis of net debt

	<i>At 1 April</i> 2021 £000	<i>Cash flows</i> 2022 £000	<i>Other</i> 2022 £000	<i>At 31 March</i> 2022 £000
Cash at bank and in hand	2,714	345	-	3,059
Amounts owed by immediate parent undertaking	-	-	-	-
Amounts owed to immediate parent undertaking	(764)	(901)	-	(1,665)
Amounts owed by related parties	485	132	-	617
Amounts owed to related parties	-	-	-	-
Other loans	(1,420)	439	(51)	(1,032)
	<u>1,015</u>	<u>15</u>	<u>(51)</u>	<u>979</u>

Other movements comprise foreign exchange movements on loan balances and accrued interest.

21 Future minimum lease commitments

At 31 March 2022, future payments under non-cancellable operating leases for each of the following periods were:

	<i>Future</i> <i>Minimum</i> <i>Rentals</i> 31 Mar 2022 £000	<i>Future</i> <i>Minimum</i> <i>Rentals</i> 31 Mar 2021 £000
Operating leases which expire:		
Within one year	421	307
Between two and five years	4	29
	<u>425</u>	<u>336</u>

Notes to the financial statements (continued)
for the year ended 31 March 2022**22 Contingent liabilities**

As at the balance sheet date, there were no contingent liabilities.

23 Pension commitments

The Company operates a number of defined contribution pension arrangements. The assets of these schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £97,580 (2021: £84,223) for the year to 31st March 2022. The unpaid contribution outstanding at the year end included in 'other creditors' amounted to £ 28,846 (2021 £22,000).

24 Related party transactions

In common with other companies, which are members of a group of companies, the financial statements reflect the effect of such membership. The Company has availed itself of the exemption provided in FRS 102 S33.1A for subsidiary undertakings where 100% of the voting rights are controlled within the group, from the requirement to give details of transactions with entities which are part of the group qualifying as related parties.

25 Ultimate parent undertaking and controlling party

As at 31 March 2022, the directors consider the immediate parent undertaking to be Seapeak Telecom Limited, a Company incorporated in the United Kingdom. Its ultimate parent company is Seapeak Group Holdings Limited, a company incorporated in Isle of Man. Its ultimate and controlling party is Geoffrey Lockwood by virtue of his sole interest Seapeak Group Holdings Limited.