Revenet Solutions Limited (formerly UKB Solutions Limited)

Report and Financial Statements

31 December 2016

Registered number: 04939176

Company Information

Directors
Christina Tsz Wan Lui (from 10 September 2017)
Sir David Ford (ceased to be a director on 9 September 2017)
Nicholas James Williams

Company secretary
Jordan Cosec Limited
Suite 1
3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Registered office
Suite 1
3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

Registered number
04939176

Revenet Solutions Limited (formerly UKB Solutions Limited) is a limited company, domiciled and incorporated in the United Kingdom.

The directors present their report and audited financial statements for the year ended 31 December 2016 of Revenet Solutions Limited (formerly UKB Solutions Limited) (the "company").

As of 31st July 2017 the company has been renamed to Revenet Solutions Limited from UKB Solutions Limited.

Business review, principal activities and future developments

The principal activities of the company during the period, and through until June 2017, were the provision of wireless solutions including design and equipment supply.

Seamless Industries Limited carried out a strategic review in 2016. As a result, buyers were sought for both UK Braodband Limited ("UKB") and the company. UKB was sold in May 2017 to Hutchison 3G UK Limited and the equipment, contracts and assets of the company were sold to Purdicom Limited in June 2017. The Directors do not intend for the company to trade after the asset disposal in June 2017.

Review of the financial performance and position of the business and key performance indicators (KPIs)

The business is measured by revenue and operating profit or loss before tax. Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

Operating loss for the financial year, amounted to £481,606 (2015: profit £63,816). The directors do not recommend the payment of a dividend (2015: nil).

Directors

The directors of the company who held office during the year and up to the date of signing the financial statements are as follows:

Christina Tsz Wan Lui (from 10 September 2017)
Sir David Ford (ceased to be a director on 9 September 2017)
Nicholas James Williams

Political and charitable donations

During the year, the company made no political or charitable contributions (2015: nil).

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, PCCW-HKT Limited. The directors have received confirmation that PCCW-HKT Limited intend to support the company for at least one year after these financial statements are signed.

Statement of directors' responsibilities

The directors are responsible for preparing 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 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and accounting estimates that are reasonable and prudent;

state whether applicable UK Accounting Standards comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as directors 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, have indicated their willingness to continue in office.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board,

Christina Tsz Wan Lui

Director

26 September 2017

Independent Auditors' Report To the Members of Revenet Solutions Limited (formerly UKB Solutions Limited)

Report on the financial statements

Our opinion
In our opinion, Revenet Solutions Limited (formerly UKB Solutions Limited)'s financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Company Act 2006.

What we have audited
The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the 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.

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

Entitlement to exemptions
Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

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

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

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

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

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

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

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

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

Neil Proudlove

Neil Proudlove (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 September 2017

Statement of Comprehensive income
For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	2	1,963,635	1,708,500
Cost of sales		(2,158,736)	(1,300,559)
Gross (loss) / profit		(195,101)	407,941
Administrative expenses	3	(286,505)	(344,125)
Operating (loss) / profit		(481,606)	63,816
(Loss) / Profit before taxation		(481,606)	63,816
Tax on result	6	-	-
Total comprehensive (loss) / income for the financial year	9	(481,606)	**63,816**

The results above are derived from continuing operations.

There are no material differences between the profit or loss before taxation and the profit or loss for the financial years stated above and their historical cost equivalents.

The company has no recognised other comprehensive income other than the loss or profit for the financial year above.

Statement of Financial Position
As at 31 December 2016

	Note	2016	2015
		£	£
Current assets			
Stock	10	263,235	-
Debtors	11	350,696	-
Cash at bank and in hand		-	43,296
		613,931	43,296
Creditors: Amounts falling due within one year	7	(1,429,494)	(377,253)
Net current liabilities		(815,563)	(333,957)
Total assets less current liabilities		(815,563)	(333,957)
Net liabilities		(815,563)	(333,957)
Capital and reserves			
Called up share capital	8	100,000	100,000
Share premium account	9	1,006,942	1,006,942
Accumulated losses	9	(1,922,673)	(1,441,067)
Other reserves	9	168	168
Total shareholders' deficit	9	(815,563)	(333,957)

The financial statements on pages 6 to 14 were approved by the board of directors and signed on its behalf by Nicholas James Williams on 26 September 2017.

Director

Registered number: 04939176

Statement of Changes in Equity
As at 31 December 2016

	Called up share capital	Share premium account	Other Reserves	Accumulated Loss	Total shareholders' deficit
	£	£	£	£	£
At 1 January 2015	100,000	1,006,942	168	(1,504,883)	(397,773)
Total comprehensive income for the financial year	-	-	-	63,816	63,816
At 31 December 2015	100,000	1,006,942	168	(1,441,067)	(333,957)
At 1 January 2016	100,000	1,006,942	168	(1,441,067)	(333,957)
Total comprehensive loss for the financial year	-	-	-	(481,606)	(481,606)
At 31 December 2016	100,000	1,006,942	168	(1,922,673)	(815,563)

1 Accounting policies

a) Basis of accounting and presentation of financial statements

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006; Financial Reporting Standard 101 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently.

At 31 December 2016 the company had net current liabilities and net liabilities of £815,563 (2015: £333,957). The directors of PCCW Limited, the ultimate parent company, have confirmed that they will not seek repayment of the amounts owed to the ultimate parent company or its subsidiaries for a period of at least 12 months from the date of signing these financial statements, such that the company can continue to settle third party liabilities as they fall due. The directors of PCCW-HKT Limited ("PCCW") are committed to provide the necessary level of financial support to enable the company to pay its debts as they become due and believe PCCW has the financial resources to fulfil that commitment.

The Board has reviewed the company's financial position to ensure that it has adequate resources to continue in operational existence for the foreseeable future. The Directors have prepared profit and cash flow projections for a period of more than one year from the date of signing the financial statements. In the preparation of these projections, the Board has considered the trading results of the company subsequent to the period end and the ability of the Board to secure additional funding for capital expenditure, including support from PCCW Limited.

b) FRS 101

The company has elected to apply FRS 101 'Reduced Disclosure Framework' in its financial statements for the year ended 31 December 2016.

FRS 101 grants elections and certain exemptions from its full requirements when preparing the first financial statements that conform to FRS 101. There is no change to the comparable historical financial information in accordance with FRS 101 as at 1 January 2016 and as at, and for the year ended, 31 December 2016. FRS 101 grants elections and certain exemptions from its full requirements when preparing the first financial statements that conform to FRS 101.

c) Exemptions

The company has taken advantage of certain disclosure exemptions in FRS 101 and Company Act 2006, Section 400, in part because its financial statements are included in the publicly available consolidated financial statements of PCCW Limited, a company incorporated in Hong Kong. Copies of the financial statements are available to the public and may be obtained from their website www.pccw.com.

These disclosure exemptions relate to:

- the requirements of IAS 7 'Statement of Cash Flows';
- the statement of compliance with adopted IFRSs;
- new IFRSs that have been issued but are not yet effective and which have not been applied by the company;

1. Accounting Policies (continued)

c) Exemptions (continued)

- financial instruments disclosures required by IFRS 7 'Financial Instruments: Disclosures';
- disclosures required by IFRS 13 'Fair Value Measurement';
- capital management disclosures;
- comparative information for the movements from the beginning to the end of the year in respect of the number of shares, and certain other additional comparative information; and
- certain related party disclosures on key management compensation and transactions entered into between two or more wholly-owned members of a group.

d) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Tax deferred or accelerated by the effect of timing differences is accounted for to the extent that a transaction or an event that has occurred at the end of the reporting period gives rise to an obligation to pay more tax in the future or a right to pay less tax in the future.

However, deferred tax assets are only recognised to the extent that, based on all available evidence, it is more likely than not that suitable taxable profits will arise from which the reversal of the underlying timing differences can be deducted. Deferred tax is recognised on an undiscounted basis.

e) Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate at the end of the reporting period. Exchange gains and losses on the settlement of trading transactions and the revaluation of monetary assets and liabilities are included in income statement.

f) Pensions

The company makes defined contributions to the UK BROADBAND Group Personal Pension. This is a group stakeholder scheme. Contributions are charged to income statement as they become payable. Differences between contributions payable in the year and contributions actually paid during the year are shown as either accruals or prepayments in the statement of financial position.

g) Turnover

Revenues comprise amounts amount receivable for goods and services provided in the normal course of business, net of trade discounts and value added tax. The revenue is recognised when the goods are delivered and services are rendered.

Contract revenue is invoiced in accordance with the agreement and is initially deferred and included in trade and other payables. The revenue is recognised when the service is provided.

1. Accounting Policies (continued)

h) Financial assets

All of the company's financial assets are classified as loans and receivables. All financial assets are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets categorised as loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost.

i) Trade receivables

Trade receivables, classified as loans and receivables, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

j) Trade payables

Trade payables, classified as other liabilities, are initially recognised at fair value less transaction costs and subsequently at amortised cost using the effective interest method.

k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An instrument will be classified as a financial liability when there is a contractual obligation to deliver cash or another financial asset to another enterprise. Instruments that are settled through the delivery of a variable number of equity shares are classified as financial liabilities.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

m) Leases

Lease payments under the operating lease are recognised as expense on a straight-line basis over the lease term. The company only has operating leases.

n) Stock

Stock consists of network equipment, stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices less costs expected to be incurred. A provision is made for obsolete items where appropriate.

o) Critical accounting estimates and judgements

The preparation of the financial information in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are both readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. There are no significant judgements in applying accounting policies.

2 Turnover

This represents revenue, net of trade discounts, value added tax and other sales related taxes, for goods delivered and services rendered during the year.

3 Administrative expenses

Administrative expenses included the following charges:

	Note	2016	2015
		£	£
Outsourced personnel costs	4	186,441	250,071
Travelling and expenses		9,968	9,109
Rent and rates		23,024	23,195
Audit fees		26,500	27,031
Others		40,572	34,719
		286,505	344,125

4 Staff costs

	2016	2015
	£	£
Wages and Salaries	135,429	189,590
Social security costs	15,406	23,633
Bonuses	1,155	7,866
Pension costs	34,451	28,982
Total	186,441	250,072

Average monthly number of employees (including executive directors) was 3 during the year (2015: 3).

5 Directors' remuneration

No directors have been remunerated by the company for their services during the year (2015: nil).

6 Tax on result

The company did not generate a profit chargeable to UK corporation tax and there was no unprovided deferred tax liability at 31 December 2016 (2015: nil). The company has tax losses carried forward of approximately £1.6 million (2015: £1.6 million) available to set off against any future taxable profit.

6 Tax on result (continued)

	2016	2015
	£	£
(Loss) / Profit on ordinary activities before tax	(481,606)	63,816
UK Corporation Tax on the (loss) / profit before taxation at an effective rate of 20.4%	(98,248)	-
Tax loss not recognised	98,248	-
Less income not subject to tax	-	(1,817)
Trading income profit	-	61,999
Less utilisation of previously unrecognised tax losses	-	(61,999)
Current tax on loss / (profit)	-	-
Deferred tax	-	-
Tax charge	-	-

7 Creditors: amounts falling due within one year

	2016	2015
	£	£
Amounts owed to group undertakings	1,386,155	342,603
Accruals and deferred income	43,339	34,650
	1,429,494	377,253

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

8 Called up share capital

	2016	2015
Authorised:	£	£
100,000 (2015: 100,000) ordinary shares of £1 each	100,000	100,000

	2016	2015
Allotted and fully paid:	£	£
100,000 (2015: 100,000) ordinary share of £1 each	100,000	100,000

9 Reconciliation of movements in shareholders' deficit

	Called up share capital	Share premium account	Other Reserves	Accumulated Losses	Total shareholders' deficit
	£	£	£	£	£
At 1 January 2015	100,000	1,006,942	168	(1,504,883)	(397,773)
Profit for the financial year	-	-	-	63,816	63,816
At 31 December 2015	100,000	1,006,942	168	(1,441,067)	(333,957)
Loss for the financial year	-	-	-	(481,606)	(481,606)
At 31 December 2016	100,000	1,006,942	168	(1,922,673)	(815,563)

Other reserve represents the statutory transfer on the repurchase of the company's £1 ordinary shares.

10 Stock

Subsequent to the end of the reporting period, stock with a cost value of £622,075 was transferred as part of the sale to Purdicom in June 2017 at a discounted value of £115,186. Consequently, the value of this stock at 31 December 2016 was adjusted down to the discounted value to reflect net realisable value, in line with the accounting policy.

11 Debtors

Debtors are amounts owed by UK Broadband Limited to the company as at 31 December 2016.

12 Ultimate controlling party and related party transactions

UK Broadband Limited, which is incorporated in the United Kingdom, was the immediate holding company of the company (100% effective holding) at 31 December 2016. The directors regard PCCW Limited, a company incorporated in Hong Kong, as the ultimate parent company and the ultimate controlling party. PCCW Limited is the only parent company to prepare consolidated financial statements and copies of the financial statements are available from:

39th Floor
PCCW Tower
TaiKoo Place
979 King's Road
Quarry Bay
Hong Kong

The company is a wholly-owned subsidiary of the PCCW group, and its financial performance is included in PCCW group's consolidated financial statements. It has therefore taken advantage of the exemption in FRS 101 from disclosing related party transactions with entities which are part of the PCCW group, which are within the same wholly owned group.

13 Subsequent events

The equipment, contracts and assets of the company were sold to Purdicom Limited in June 2017 for a total consideration of £295,186 with net assets and liability disposed adjusted in the carrying values reflected at 31 December 2016 (see note 10) and ongoing trading relationships and obligations transferred for a consideration of £180,000. The Directors do not intend the company to trade after the asset disposal in June 2017.