

GSM Conference Services Limited

Annual Report and financial statements

Year ended 31 March 2020

Company Number 05581669

WEDNESDAY



AA1F98AI

A30

31/03/2021

#96

COMPANIES HOUSE

CONTENTS

	Pages
DIRECTORS AND OTHER INFORMATION	2
STRATEGIC REPORT	3
DIRECTORS' REPORT	4
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GSM CONFERENCE SERVICES LTD	6
INCOME STATEMENT	9
BALANCE SHEET	10
CASH FLOW STATEMENT	11
STATEMENT OF CHANGES IN EQUITY	12
NOTES TO THE FINANCIAL STATEMENTS	13 - 24

DIRECTORS AND OTHER INFORMATION

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Louise Easterbrook
Alex Sinclair

Company secretary and registered office

Oonagh Stein
2nd Floor Walbrook Building
25 Walbrook
London EC4N 8AF

Registered number: 05581669

Independent Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

Banker

HSBC plc
70 Pall Mall
London
SW1Y 5EZ

STRATEGIC REPORT

Business Review

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

Risks

100% of the sales of the company are to its parent, GSMA Ltd and therefore the company is reliant upon the success of its parent to ensure its own future existence (Refer Note 1.1 to the financial statements).

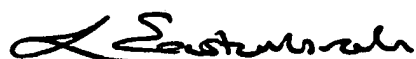
Business Model

GSM Conference Services Limited provides sales agency and conference and event operational services to its parent GSMA Ltd. GSM Conference Services Limited is remunerated by its parent using an arms-length methodology that is a factor of both its own cost base and the volume of sales that it achieves as a sales agency to its parent.

Future Developments

GSM Conference Services Limited's strategic plans are aligned with the future plans of its parent GSMA Ltd, modest growth is anticipated to support the growth of GSMA Ltd conference and events activities.

The strategic review was approved by the Board on 12 February 2021 and was signed on its behalf by



Louise Easterbrook
Director
12 February 2021

Registered Office Address: Floor 2, The Walbrook Building, 25 Walbrook, London, EC4N 8AF

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the company for the year ended 31 March 2020.

Principal activities

GSM Conference Services Limited is a privately owned company. The principal activity of the company is that of a sales agency for conference and related activities.

Results

The income statement for the years ended 31 March 2020 and 31 March 2019 is set out on page 9. The company generated a profit for the year before taxation of £1,051,571 (2019: £1,221,421). The company did not propose a dividend for the current financial year (2019: NIL) and the profit for the year of £842,478 (2019: profit of £797,630) has been transferred to reserves.

Financial Risk Management

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro as detailed in note 19.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

On 31 January 2020, the World Health Organisation declared the novel coronavirus COVID-19 as a Public Health Emergency of International Concern. Shortly afterwards, on 12th February 2020, the Group cancelled its flagship event, Mobile World Congress 2020 in Barcelona in the interests of the safety of staff, attendees and the citizens of Barcelona. COVID-19 and the resultant cancellation of Group events has a significant impact on the Company. The Company's performance for 2021 and beyond will largely depend upon the time taken to fully control COVID-19 and the easing/lifting of travel restrictions and social distancing measures. The Directors have performed an assessment of the Company's future prospects in light of the current environment and have taken measures to ensure the Company can continue to operate for the foreseeable future. See Note 1.1 for further details of the Directors assessment of the going concern assumption.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 3.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

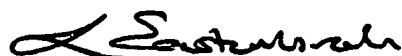
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors' report was approved by the Board on 12 February 2021 and was signed on its behalf by



Louise Easterbrook
Director
12 February 2021

Registered Office Address: Floor 2, The Walbrook Building, 25 Walbrook, London, EC4N 8AF

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GSM Conference Services Limited

Opinion

We have audited the financial statements of GSM Conference Services Limited ("the company") for the year ended 31 March 2020 which comprise the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, and related notes, including the accounting policies.

In our opinion the 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 International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to the note 1.1 to the financial statements which indicates that the Directors have prepared the financial statements of the Company on a going concern basis, having considered key assumptions and actions including cost cutting initiatives, careful management of working capital, and timing of MWC events in China and Barcelona. The key assumption, is that the COVID-19 pandemic will diminish to a level that will permit the Group to host MWC events in 2021 as planned. These events and conditions, along with the other matters explained in note 1.1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GSM Conference Services Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

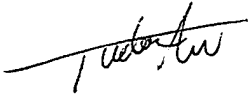
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GSM Conference Services Limited
(continued)**

The purpose of our audit work and to whom we owe our responsibilities

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.



Tudor Aw (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

23 February 2021

INCOME STATEMENT for the year ended 31 March 2020

	Notes	2020 £	2019 £
Revenue		13,960,928	13,114,596
Administrative expenses	2	<u>(12,886,968)</u>	<u>(11,893,175)</u>
Operating profit before taxation		1,073,960	1,221,421
Interest expense	7	<u>(22,389)</u>	<u>-</u>
Profit before taxation		1,051,571	1,221,421
Taxation	5	<u>(209,093)</u>	<u>(423,791)</u>
Profit for the year and total comprehensive income attributable to owners of the company		<u>842,478</u>	<u>797,630</u>

The company has not recognised gains or losses other than the profits for the current and previous year and therefore there is no other comprehensive income for the year.


The accompanying notes on pages 13 to 24 form an integral part of these financial statements.

BALANCE SHEET as at 31 March 2020

	Notes	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	6	2,404	35,122
Right-of-use assets	7	747,044	-
Investments	8	168	168
Total non-current assets		749,616	35,290
Current assets			
Trade and other receivables	9	3,072,553	3,050,702
Cash and cash equivalents	10	759,553	932,540
Total current assets		3,832,106	3,983,242
Total assets		4,581,722	4,018,532
Equity and Liabilities			
Capital and reserves			
Share capital	13	1,000	1,000
Retained earnings	20	3,345,468	2,502,990
Total Equity		3,346,468	2,503,990
Liabilities			
Non-current liabilities			
Lease Liabilities	7	158,354	-
Total non-current liabilities		158,354	-
Current liabilities			
Lease Liabilities	7	445,529	-
Trade and other payables	11	612,271	1,289,355
Current tax liabilities		19,100	225,187
Total current liabilities		1,076,900	1,514,542
Total liabilities		1,235,254	1,514,542
Total equity and liabilities		4,581,722	4,018,532

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

The financial statements were approved by the Board on 12 February 2021 and were signed on its behalf by



Louise Easterbrook, Director

Registered Company Number: 05581669

CASH FLOW STATEMENT for the year ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	17	976,421	210,870
Interest paid		(22,389)	-
Income tax paid		(415,180)	(415,952)
Net cash (used in) / generated from operating activities		538,852	(205,082)
Cash flows from investing and financing activities			
Purchase of property, plant and equipment	6	-	-
Disposals of property, plant and equipment	6	-	(347)
Payment of lease liabilities		(711,839)	-
Net (decrease) in cash and cash equivalents		(172,987)	(205,429)
Cash and cash equivalents at the beginning of the year		932,540	1,137,969
Cash and cash equivalents at the end of the year		759,553	932,540

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

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2020

	Note	Share Capital £	Retained Earnings £	Total Equity £
Balance as at 31 March 2018		1,000	1,705,360	1,706,360
Profit for the year and total comprehensive income		-	797,630	797,630
Balance as at 31 March 2019		<u>1,000</u>	<u>2,502,990</u>	<u>2,503,990</u>
Profit for the year and total comprehensive income		-	842,478	842,478
Balance as at 31 March 2020	13, 20	<u>1,000</u>	<u>3,345,468</u>	<u>3,346,468</u>

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

1 Accounting Policies

These financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis and under the historical cost convention.

The company is a private UK registered entity limited by shares incorporated in England and domiciled in the United Kingdom.

1.1 Going concern

The financial statements have been prepared under the historical cost convention on a going concern basis. The principal activity of the company is that of a sales agency for conference and related activities and 100% of the sales of the company are to its parent, GSMA Ltd and therefore the company is reliant upon the success of its parent to ensure its own future existence. The Group is overall not for profit and relies on contributions from conferences and events to provide funding for the industry Group activities. On 31 January 2020, the World Health Organisation declared the novel coronavirus COVID-19 as a Public Health Emergency of International Concern. Shortly afterwards, on 12th February 2020, the Group cancelled its flagship event, Mobile World Congress 2020 in Barcelona in the interests of the safety of staff, attendees and the citizens of Barcelona.

Due to the impact on funding for the Group arising from the cancellation, a new financial strategy was developed to 1) Protect the Mobile World Congress asset, 2) reduce the services cost base, 3) rebalance activities to reduce reliance on events income and 4) rebuild reserves. In addition, the Group's Board supported a prepayment of 2021/22 membership fees as a mechanism to create additional financial headroom for the Group.

In September 2020, the Group made further changes to the schedule of events for 2021 aligned with the ongoing impact of COVID-19 on global events. Feedback from customers and market analysts indicate a continued demand for in-person events. The Group's management believes that the developments in rapid antigen testing will enable international travel and trade events to reopen by early summer 2021 and has schedule MWC21 in Barcelona in June 2021. Cash-flow models indicate that sufficient funds will be generated for the Group to operate as a going concern through to March 2022, even using worst case sensitivity assumptions based on severe but plausible downside scenarios.

Based on our assessment of the group's financial position, cash flow forecasts and key assumptions, it is concluded that it is appropriate to prepare the financial statements of the Company on a going concern basis. This is dependent on a number of critical assumptions and actions including cost cutting initiatives, careful management of working capital, and timing of MWC events in China and Barcelona. The key assumption, is that the COVID-19 pandemic will diminish to a level that will permit the Group to host MWC events in 2021 as planned. This assumption clearly represents a material uncertainty. Accordingly, while management have concluded that based on their assessment and key assumptions, it is appropriate to prepare the accounts on a going concern basis, the circumstances described above represent a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.2 Revenue

The company adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 April 2018. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The company has applied IFRS 15 using the cumulative effect method (adopting all practical expedients). Under IFRS 15 revenue is recognised when a customer obtains control of goods or services in line with identifiable performance obligations. The impact of adopting the standard results in no material differences to the amounts previously presented under IAS 18, 'Revenues' and consequently there is no impact upon brought forward reserves.

1.3 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in UK Pounds, which is the company's functional and presentation currency and is denoted by the symbol "£".

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

1.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is provided on a straight-line basis, to allocate asset cost less residual amounts over estimated economic lives. The estimated economic lives assigned to property, plant and equipment are as follows:

	Years
Office Equipment	4
IT equipment & software	3 to 5
Leasehold additions	3

1.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short term, highly liquid investments which can be accessed within three months or less.

1.6 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectable it is written off against an allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited back to the income statement.

1.7 Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 (see Note 1.14).

Policy applicable from 1 April 2019

At the inception of a contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To assess whether the contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019

1.7 Leases (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, net of any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using Company's incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability are made up of fixed payments, including in-substance fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected to account for short-term leases that have a lease term of 12 months or less and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the balance sheet, right-of-use assets have been included under non-current assets, current portion of the lease liabilities have been included in trade and other payables and non-current portion of the lease liabilities have been included in non-current liabilities.

The Company as a lessor

The Company's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. The Company recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of 'Other operating income'.

1.8 Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

1.9 Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax legislation is subject to interpretation and established provisions, where appropriate, on the basis of the amount expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on significant temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.10 Related Party Transactions

The company is remunerated for the services that it provided to its parent company, GSMA Ltd, on an arms-length basis using a benchmarked rate of return. Its parent company also provides some overhead services to GSM Conference Services Limited under an intercompany services agreement and these balance due to and from the parent company are recognised at the balance sheet date as related party transactions.

1.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received.

1.12 Classification of financial instruments

The company classifies its financial assets as loans and receivables, which comprise trade and other receivables and cash and cash equivalents. The company classifies its financial liabilities as trade and other payables, deferred income and deferred grants held at amortised cost.

1.13 Fair value of financial instruments

The carrying values of the company's trade and other receivables, cash and cash equivalents and trade and other payables approximate their fair value due to their short-term nature.

1.14 Change in Accounting policies

The Company applied IFRS 16 with a date of initial application of 1 April 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The Company applied IFRS 16 using the modified retrospective approach and the details of changes in accounting policies are disclosed below.

Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 1.7. On transition of IFRS 16, the Company elected to apply the practical expedients to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019. the Company recognises right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet.

At transition, lease liabilities were measured at present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Using hindsight when determining the lease term if the contract contains option to extend or terminate the lease.

1.14 Change in Accounting policies (continued)**Impact on financial statements**

On transition to IFRS 16, the Company recognised £1,338,111 of right-of-use assets and £1,248,111 of lease liabilities. When measuring lease liabilities, the Company discounted lease payments using incremental borrowing rate at 1 April 2019. The combined weighted average rate for the Company is 2.5%.

Total operating lease commitments at 31 March 2019	1,279,343
Recognition exemption - lease term of less than 12 months	-
Extension and termination option reasonably certain to be exercised	-
Operating lease liabilities before discounting	1,279,343
Discount using incremental borrowing rate	31,232
Total lease liabilities recognised under IFRS 16 at 1 April 2019	1,248,111

1.15 Key judgement and estimation uncertainty

The preparation of financial statements under IFRS requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the balance sheet date and the amounts for revenue and expenditure incurred during the reported period. There are no material estimates or assumptions that have a significant impact on the carrying value of assets and liabilities within the next financial year.

2 Administrative expenses	2020	2019
	£	£
Employee benefit expenses (Note 3)	9,258,690	9,222,075
Travel, entertaining and meetings	1,600,889	726,295
Project consultants fees and expenses	639,542	868,612
Establishment expenses	203,721	736,699
Outsourced services expenditure	69,116	85,279
Legal and professional fees	36,239	28,324
Auditor's remuneration	38,556	36,720
Information services, technology and communication costs	170,244	157,038
Depreciation (Note 3)	623,785	36,074
Realised & Unrealised exchange (gains) / losses	242,358	(7,216)
Other expenses	3,828	3,275
	<u>12,886,968</u>	<u>11,893,175</u>

3 Employee benefit expense	2020	2019
	£	£
Wages and salaries	7,898,374	7,567,626
Social Security costs	582,624	701,315
Other Pension costs - defined contribution scheme	411,912	211,789
Other staff costs	365,780	741,345
	<u>9,258,690</u>	<u>9,222,075</u>

Average monthly number of regular staff 113 110

4 Depreciation	2020	2019
	£	£
Depreciation on Property, plant and equipment (Note 5)	32,718	36,074
Depreciation on Right-of-use assets (Note 6)	591,067	-
	<u>623,785</u>	<u>36,074</u>

5 Taxation	2020	2019
	£	£

(a) Corporation tax for the year 209,093 423,791

(b) Tax reconciliation

The current charge for the year is different than (2018: different than) the current charge that would result from applying the standard rate of Corporation Tax applicable to profit on ordinary activities.

The differences are explained below:

	2020	2019
	£	£
Profit before taxation	1,073,960	1,221,421
Profit on ordinary activities at the standard rate of tax at 19% (2019:19%)	204,052	232,070
Effects of:		
Prior year (over) / under provision	(191,837)	(24,305)
Non-taxable loss	196,878	216,026
Under/(over) provision in previous year	-	-
	<u>209,093</u>	<u>423,791</u>

6 Property, plant and equipment

The gross carrying amounts and accumulated depreciation of Office equipment at 31 March 2020 are as follows:

	£
Cost	
At 01 April 2019	518,606
Additions	-
Disposals	-
At 31 March 2020	<u>518,606</u>
Accumulated Depreciation	
At 01 April 2019	483,484
Depreciation (Note 4)	32,718
Disposals	-
At 31 March 2020	<u>516,202</u>
Net Book Value	
At 31 March 2020	<u>2,404</u>

The gross carrying amounts and accumulated depreciation of Office equipment at 31 March 2019 are as follows:

	£
Cost	
At 01 April 2018	518,259
Additions	-
Disposals	347
At 31 March 2019	<u>518,606</u>
Accumulated Depreciation	
At 01 April 2018	447,410
Depreciation (Note 4)	36,074
Disposals	-
At 31 March 2019	<u>483,484</u>
Net Book Value	
At 31 March 2019	<u>35,122</u>

7 Leases

The Company leases office buildings for its office space. The leases of office space is for a period of two years.

Right-of-use assets

Cost	£
At 01 April 2019	1,338,111
Additions	-
Disposals	-
At 31 March 2020	<u>1,338,111</u>
Accumulated Depreciation	
At 01 April 2019	-
Depreciation (Note 3)	591,067
Disposals	-
At 31 March 2020	<u>591,067</u>
Net Book Value	
At 31 March 2020	<u>747,044</u>

Lease Liabilities	2020
	£
Maturity analysis - contractual undiscounted cash flows	
Due within one year	606,622
Due within 2 to 5 years	158,396
Due over 5 years	-
	<u>765,018</u>

Lease liabilities included in the Balance Sheet

Current	445,529
Non-current	158,354
	<u>603,883</u>

Amounts recognised in Income Statement

Interest on lease liabilities	22,389
Expenses related to short-term leases	-
Expenses related to leases of low-value assets	-

8 Investments

Name	GSMA Services India Private Limited	
Country of incorporation	India	
Proportion of ownership interest	As at 31 March 2020	0.01% (2018:0.01%)
Cost	As at 31 March 2020	£15 (2018:£15)
Name	GSMA Brasil Telecomunicacoes LTDA	
Country of incorporation	Brazil	
Proportion of ownership interest	As at 31 March 2020	0.04% (2018:0.04%)
Cost	As at 31 March 2020	BRL 1 (2018:BRL 1)
Name	GSMA SRL	
Country of incorporation	Argentina	
Proportion of ownership interest	As at 31 March 2020	10% (2018: 10%)
Cost	As at 31 March 2020	ARS 3,000 (2018: ARS 3,000)

9 Trade and other receivables

	2020	2019
	£	£
Amounts owed from group undertakings (Note 15)	2,664,118	2,389,719
Other taxation and social security	43,248	244,128
Prepayments	84,070	235,083
Other receivables	281,117	181,772
	<u>3,072,553</u>	<u>3,050,702</u>

Amounts owed from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10 Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and on hand	<u>759,553</u>	<u>932,540</u>

11 Trade and other payables

	2020	2019
	£	£
Trade payables	95,392	78,125
Social security and other taxes	189,841	137,354
Accrued expenses	222,832	1,066,472
Other payables	104,206	7,404
	<u>612,271</u>	<u>1,289,355</u>

12 Contingencies

There are no contingent liabilities at the year end
(2019: Nil)

13 Share capital

	2020 £	2019 £
Authorised:		
1,000 ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Issued and fully paid:		
1,000 ordinary share of £1	<u>1,000</u>	<u>1,000</u>

14 Parent and ultimate controlling party

The company is a wholly owned subsidiary of GSMA Ltd. The directors consider the ultimate parent to be GSM Association, a Swiss verein, which is the largest and smallest group of undertakings to consolidate these financial statements at 31 March 2020. Copies of the GSM Association consolidated financial statements can be obtained from Floor 2, The Walbrook Building, 25 Walbrook, London, EC4N 8AF.

15 Related party transactions

	2020 £	2019 £
Year end balances arising from the sale of services due from GSMA Ltd and from the purchase of overhead goods and services due to GSMA Ltd and Associated Companies	<u>2,664,118</u>	<u>2,389,719</u>

16 Key Management Compensation

All key management personnel compensation is borne by the ultimate parent company.

17 Cash generated from operations

	2020 £	2019 £
Profit before taxation	1,051,571	1,221,421
Adjustment for:		
Depreciation (Note 4)	623,785	36,074
Changes in working capital		
(Increase)/ Decrease in trade and other receivables	(21,851)	(1,378,884)
(Decrease) / Increase in trade and other payables	(677,084)	332,259
Cash generated from operations	<u>976,421</u>	<u>210,870</u>

18 Dividend Paid

During the year no dividend was paid to shareholders (2019: £Nil).

19 Financial Instruments and risk management

IFRS 9 Financial Instruments has been applied to cash and cash equivalents, trade and other receivables and trade and other payables.

(a) Market Risk

Interest rate risk management

The company does not hold or issue any interest bearing financial assets or liabilities that may expose the group to either interest rate flows or fair value volatility.

Foreign exchange risk management

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the US Dollar.

Its foreign exchange risk arises from future transactions and recognised assets and liabilities undertaken in currencies other than Sterling. The Company does not use derivative financial instruments to manage foreign exchange risk but its ultimate parent company, the GSM Association, does have its major income streams in both Euro and US Dollars and these are broadly matched by its short-term foreign currency outflows.

The Company's policy concerning forex exposure is to hedge its cash flows naturally to provide some stability over the medium term, rather than simply hedging short-term using treasury instruments.

Price risk management

The company has no exposure to equity securities price risk at the balance sheet date.

(b) Credit risk management

The company does not have any significant concentrations of credit risk. Policies are in place to ensure that transactions are only undertaken with customers with an appropriate credit history.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

(c) Liquidity risk management

The company has no borrowings at the balance sheet date and ensures its liquidity is maintained by periodic reviews of all short and medium term funding requirements.

(d) Hedging activities

The company has not entered into any hedging activities during the year and had no outstanding transactions at the balance sheet date.

(e) Other derivatives

The company has not entered into any other derivative transactions.

19 Financial Instruments and risk management (continued)

(f) Classification of financial instruments

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Trade and other receivables are measured at amortised cost.

The Company's non-derivative financial liabilities consist of trade and other payables. All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs.

20 Retained Earnings	£
Opening retained earnings at 1 April 2019	2,502,990
Profit for the year ended 31 March 2020	842,478
Closing retained earnings at 31 March 2020	<u>3,345,468</u>