

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Report and Financial Statements

31 March 2022

Registered No.: 06408643



Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Company Information

Directors

D McGinn

S Morten

Auditor

Ernst & Young LLP

1 More London Place

London SE1 2AF

Registered Office

Lindred House

20 Lindred Road

Brierfield, Nelson

England

BB9 5SR

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Registered No. 06408643

Strategic report

The Directors present their Strategic Report for the year ended 31 March 2022.

Principal activity and review of the business

The Company's principal activity during the year was that of an intermediate holding company.

On 4 March 2022, the group headed by Aston (XLN) Topco Limited, the Company's previous ultimate parent undertaking, was acquired by Daisy Bidco Limited. The acquisition did not have any financial impact on the Company. Following the acquisition, the Company's new ultimate parent undertaking is Daisy Holdco Limited (see Note 13).

There was no trading activity during the year; but the Company made a profit of £5,100,000 (2021: £50,779,590) mainly due to the dividend income of £5,100,000 (2021: £50,779,590) received by the Company from XLN Limited, its immediate subsidiary undertaking as detailed in Note 5.

The key performance indicator for the Company is the performance of its investments and this is monitored on a monthly basis.

Principal risks and uncertainties

As a parent undertaking the principal risk relates to reliance on its profitable subsidiaries and on the recoverability of the carrying value of its investments.

The subsidiaries operate in highly competitive markets which is a continuing risk to the subsidiaries and could result in losing sales to their key competitors. The subsidiaries manage this risk by providing value-added services to their customers and by having fast response times to customer queries and responding to market developments.

The primary business risks currently facing the subsidiaries are:

- Changes to the regulatory environment
- Reduction in the use of fixed line telephone services as a result of changes in technology
- Macroeconomic impact of the COVID-19 pandemic and its effect on our customer base

The directors believe that these factors are unlikely to have a material adverse effect on the subsidiaries for the foreseeable future. Further information on the impact of COVID-19 on the Company is given in the Going concern section of the Directors' Report.

The subsidiaries also source services from India; however, as the majority of these costs are invoiced in pounds sterling, there is minimal risk from exchange rate fluctuations.

The Directors have also considered the impact of the United Kingdom's withdrawal from the European Union on the Company and have concluded that the withdrawal has not and is unlikely to have a material adverse effect on the Company.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Strategic report (continued)

Financial risk management

The Company's activities expose it to credit risk

Credit risk

The Company's credit risk is primarily attributable to its amounts owed by group undertakings. The amounts presented in the balance sheet are net of allowances for impairment. An allowance for impairment is made based on expected lifetime credit losses.

The credit risk is limited because the counterparties are fellow group undertakings.

Section 172(1) statement

This section serves as our Section 172(1) statement in compliance with The Companies (Miscellaneous Reporting) Regulations 2018. The statement is made as the Company is an intermediate holding company heading a group which qualifies as large as defined by the Companies Act 2006.

Section 172(1)(a) to (f) of the Companies Act requires the directors to act in a way they consider would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the interests of our wider stakeholders when making key decisions across a range of areas.

The directors note the nature of the Company and that its key stakeholders are limited to its sole shareholder and its subsidiaries. The directors are also directors of the sole shareholder and of the Company's subsidiaries. The principal decision taken in the year was payment of interim dividends by the Company.

Reference should also be made to the Section 172(1) statement made by the Company's subsidiary XLN Telecom Limited.

On behalf of the Board



Stuart Morten
Director
15 February 2023

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Directors' report

The Directors present their Report and Financial Statements for the year ended 31 March 2022.

Dividends

The Directors have declared an interim dividend of £5,100,000 in October 2021, as detailed in Note 10 (2021: £50,779,590). The directors do not recommend a final dividend (2021: £nil).

Going concern

The Company has adequate financial resources to continue to operate as a holding company for a period of 12 months from the date of approval of these financial statements

As a parent undertaking, in considering going concern, the Directors have considered the business activities and financial resources of its trading subsidiaries. Together the subsidiaries have positive EBITDA, have significant assets and are cash generative and as such dividends are expected in the future. In making this assessment the Directors have considered the potential impact of the Covid-19 pandemic on the cash flows and liquidity of the Company's subsidiaries for a period of 12 months from the date of approval of these financial statements. In light of the significantly reduced impact of COVID variants to public health, we do not expect government intervention in relation to COVID to be as extreme as those implemented in previous years and therefore expect its trading subsidiaries to operate normally for a period of 12 months from the date of approval of these financial statements.

The Company has also considered the impact of the current economic climate in the UK on its trading subsidiaries and do not believe that this would significantly impact these subsidiaries' ability to continue as a going concern for a period of 12 months from the date of approval of these financial statements.

Based on the above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Further information on the financial position of the Company, its risk management objectives and its exposure to credit risk is contained in the Strategic Report.

In addition, and with particular reference to the PIK facility drawn by the Daisy Holdco Limited Group through its subsidiary Daisy Midco Limited at the balance sheet date of £213.6 million (including accrued interest), which was used to fund the acquisition of the XLN Group, the directors of the Daisy Holdco Limited Group and the directors of the Company have received a letter of support from the provider of this debt, which is also a significant shareholder in the Daisy Holdco Limited Group, confirming that they will not call in this debt for a period of 12 months from the date of approval of these financial statements. Although this facility expired in June 2022 and is currently rolling on a monthly basis, the conversion of this debt into the Daisy Holdco Limited Group's existing longer term PIK with an expiry date of 2027 has been agreed with the debt provider and is currently in the process of being formally documented.

Future developments

The Directors expect the business to continue to be a non-trading holding company in the future and do not anticipate any strategic change.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Directors' report (continued)

Directors

The Directors who served the Company during the year and to the date of this report were as follows:

C Nellemann – resigned 4 March 2022

N Conaghan – resigned 4 March 2022

S Morten – appointed 4 March 2022

D McGinn – appointed 4 March 2022

Financial risk management

Details are provided in the Strategic Report on page 3 of these financial statements.

Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Following the acquisition of the Company during the year by the Daisy Group, consideration of the appointment of auditors for the next financial year will be made at the next board meeting.

On behalf of the Board



Stuart Morten
Director
15 February 2023

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 for that period.

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

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.

Independent auditor's report

**to the members of Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)**

Opinion

We have audited the financial statements of Hamsard 3220 Limited (formerly known as XLN Telecom Holdings Limited) for the year ended 31 March 2022 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

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

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Report and Financial Statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report (continued)

**to the members of Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)**

Other information (continued)

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 course of 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 strategic or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Independent auditor's report (continued)

to the members of Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

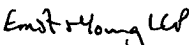
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct tax legislation in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of Board minutes, testing journals identified by specific risk criteria and ensuring that dividend payments complied with the relevant accounting and legal requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

DocuSigned by:



AFE8BD9105A74B7...

Neil Cullum (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

15 February 2023

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Statement of comprehensive income

for the year ended 31 March 2022

	Notes	2022 £	2021 £
Dividend income	5	5,100,000	50,779,590
Profit before taxation		5,100,000	50,779,590
Tax	6	-	-
Profit for the year being total comprehensive income for the year		<u>5,100,000</u>	<u>50,779,590</u>

All amounts relate to continuing activities.

Statement of changes in equity

for the year ended 31 March 2022

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 April 2020	471,750	18,750	-	490,500
New shares issued (see Note 9)	43,421,912	-	-	43,421,912
Total comprehensive income for the year	-	-	50,779,590	50,779,590
Dividends declared and paid during the year	-	-	(50,779,590)	(50,779,590)
At 1 April 2021	43,893,662	18,750	-	43,912,412
Total comprehensive income for the year	-	-	5,100,000	5,100,000
Dividends declared and paid during the year	-	-	(5,100,000)	(5,100,000)
At 31 March 2022	<u>43,893,662</u>	<u>18,750</u>	<u>-</u>	<u>43,912,412</u>

Dividends paid and proposed

The Company declared and paid dividends of £5,100,000 in the year ended 31 March 2022 (2021: £50,779,590) (see Note 10).

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Balance sheet

at 31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Investments	7	43,601,912	43,601,912
Current assets			
Debtors: amounts falling due within one year	8	310,500	310,500
Net current assets		310,500	310,500
Net assets		43,912,412	43,912,412
Capital and reserves			
Share capital	9	43,893,662	43,893,662
Share premium		18,750	18,750
Total equity		43,912,412	43,912,412

These financial statements of Hamsard 3220 Limited (formerly known as XLN Telecom Holdings Limited), registered number 06408643, were approved by the Board of Directors and authorised for issue on 15 February 2023 and signed on its behalf by:

S. N. Morten

Stuart Morten
Director

Notes to the financial statements

at 31 March 2022

1. Accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

1.1 Basis of preparation

The Company, whose registered address is Lindred House, 20 Lindred Road, Brierfield, Nelson, England, BB9 5SR, is a private company limited by shares and is incorporated and domiciled in England.

These financial statements are separate financial statements.

These financial statements were prepared in accordance with applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

The Company's financial statements are presented in pounds sterling and all values are rounded to the nearest pound except when otherwise indicated.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts on the basis that the Company is included within the consolidated group financial statements of Daisy Holdco Limited, which are publicly available.

1.2 FRS 101 exemptions taken

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- b) the requirements of IAS 7 *Statement of Cash Flows*;
- c) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- d) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- e) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- f) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*;
- g) the requirements of paragraphs 17 and 18(a) of IAS 24 *Related Party Disclosures*;
- h) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- i) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*;
- j) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases*.

The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total. See question item 961 for the requirements of paragraph 61(1) of Schedule 1 to the Regulations.

- k) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

1. Accounting policies (continued)

1.3 Going concern

The Company has adequate financial resources to continue to operate as a holding company for a period of 12 months from the date of approval of these financial statements

As a parent undertaking, in considering going concern, the Directors have considered the business activities and financial resources of its trading subsidiaries. Together the subsidiaries have positive EBITDA, have significant assets and are cash generative and as such dividends are expected in the future. In making this assessment the Directors have considered the potential impact of the Covid-19 pandemic on the cash flows and liquidity of the Company's subsidiaries for a period of 12 months from the date of approval of these financial statements. In light of the significantly reduced impact of COVID variants to public health, we do not expect government intervention in relation to COVID to be as extreme as those implemented in previous years and therefore expect its trading subsidiaries to operate normally for a period of 12 months from the date of approval of these financial statements.

The Company has also considered the impact of the current economic climate in the UK on its trading subsidiaries and do not believe that this would significantly impact these subsidiaries' ability to continue as a going concern for a period of 12 months from the date of approval of these financial statements.

Based on the above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Further information on the financial position of the Company, its risk management objectives and its exposure to credit risk is contained in the Strategic Report.

In addition, and with particular reference to the PIK facility drawn by the Daisy Holdco Limited Group through its subsidiary Daisy Midco Limited at the balance sheet date of £213.6 million (including accrued interest), which was used to fund the acquisition of the XLN Group, the directors of the Daisy Holdco Limited Group and the directors of the Company have received a letter of support from the provider of this debt, which is also a significant shareholder in the Daisy Holdco Limited Group, confirming that they will not call in this debt for a period of 12 months from the date of approval of these financial statements. Although this facility expired in June 2022 and is currently rolling on a monthly basis, the conversion of this debt into the Daisy Holdco Limited Group's existing longer term PIK with an expiry date of 2027 has been agreed with the debt provider and is currently in the process of being formally documented.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

1. Accounting policies (continued)

1.4 Summary of significant accounting policies

a) Foreign currency translation

The Company's financial statements are presented in pounds sterling, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rate at the date the transaction first qualifies for recognition. Differences arising on settlement or translation of transactions are recognised in administrative expenses in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

b) Taxes

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legal enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of comprehensive income.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

1.4 Summary of significant accounting policies (continued)

b) Taxes (continued)

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except receivables and payables, which are stated with the amount of sales tax included.

The net amount of VAT recoverable from, or payable to, HM Revenue & Customs is included as part of receivables or payables in the balance sheet.

c) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

d) Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

e) Assessment of control

These financial statements disclose information of all entities controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

There is no instance where the Company holds more than half of the voting rights in an entity, and the entity is not deemed to be controlled by the Company.

f) Investment impairment review

Determining whether an investment in a subsidiary is impaired requires an estimation of the fair value of the investment. The Company estimates the fair value of an investment by applying a suitable discount rate to the future cash flows that are expected to be generated by the investment. These future cash flows are inherently judgemental and future events could cause the underlying assumptions to change. If an investment is found to be impaired, the excess carrying amount is written off to the statement of comprehensive income.

g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

g) Financial instruments (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes amounts owed by group undertakings included under debtors (see Note 8). The Company has no other financial assets.

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL) for financial assets at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

For amounts owed by group undertakings, the Company applies a simplified approach in calculating ECLs, such that it does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest receivable and similar income or interest payable and similar charges.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

1. Accounting policies (continued)

1.4 Summary of significant accounting policies (continued)

g) Financial instruments (continued)

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair values

The fair value of financial instruments is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

h) Reserves

Retained earnings

Retained earnings relate to profits or losses that the Company has earned to date.

Share premium

Amount subscribed for share capital in excess of nominal value.

1.5 Changes in accounting policies and disclosures

The Company applied for the first time the following new standards and amendments to existing standards, which are effective for annual periods beginning on or after 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- COVID-19-related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16

The adoption of these new standards and amendments had no impact on the Company's financial statements for the year ended 31 March 2022.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

2. Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

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.

Estimates

The following are the estimates and assumptions that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment review of investments

Determining whether assets are impaired requires an estimation of the value in use of the cash-generating units to which assets has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate a present value. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Company. No impairment has been recognised against the Company's investments in the current and previous financial years. The carrying value of the Company's investments, as noted in Note 7, is £43,601,912 as at 31 March 2022 (2021: £43,601,912).

Impairment review of financial assets

Determining whether financial assets are impaired requires an estimation of the ECLs. The portion of the amounts owed by group undertakings that will not be cleared through cash settlement, offsetting, and future distributions is the ECL. As shown in Note 8, the net carrying value of amounts owed by parent undertaking is £310,500 (2021: £310,500).

3. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2022	2021
	£	£
Audit fees	-	-
Non-audit fees for:		
Services related to tax compliance	750	750
Total fees	750	750

These fees have been borne by other companies in the group.

4. Directors' remuneration

There were no employees other than the directors during the year. Directors' remuneration was borne by other companies in the group. The directors are also directors of other companies within the group, and in their opinion, it is not practicable to apportion their total remuneration between qualifying services to the Company and services to other companies in the group.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

5. Dividend income

	2022	2021
	£	£
Dividend income	<u>5,100,000</u>	<u>50,779,590</u>
	<u>5,100,000</u>	<u>50,779,590</u>

The Company received interim cash dividends from XLN Limited, a subsidiary undertaking, amounting to £2,900,000 on 7 October 2021 and £2,200,000 on 13 October 2021.

On 18 December 2020, the Company received interim cash dividends amounting to £50,779,590 from XLN Limited.

6. Tax

(a) Tax on profit

There are no current nor deferred tax charges for the year (2021: £nil) and the Company has no recognised or unrecognised deferred tax asset or liability as at 31 March 2022 (31 March 2021: £nil).

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£	£
Profit before taxation	<u>5,100,000</u>	<u>50,779,590</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(969,000)	(9,648,122)
<i>Effects of:</i>		
Non-taxable income	<u>969,000</u>	<u>9,648,122</u>
Total tax charge for the year (Note 6(a))	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charge

The headline rate of UK corporation tax reduced from 20% to 19% on 1 April 2017. The corporate tax has been maintained at 19% for the financial years beginning 1 April 2021 and 1 April 2022. The tax rate is expected to increase from 1 April 2023 to 25%. This has been reflected in the calculation of deferred tax balances at the balance sheet date.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

7. Investments

*Subsidiary
undertakings
£*

Cost and net book value:

At 1 April 2021 and 31 March 2022

43,601,912

On 18 December 2020, the Company made an additional investment of £43,421,912 into XLN Limited.

The Company has investments in the following subsidiary undertakings:

<i>Subsidiary undertakings</i>	<i>Principal place of business and country of incorporation</i>	<i>Principal activity</i>	<i>Holding</i>	<i>%</i>
XLN Limited	United Kingdom	Parent undertaking	Ordinary shares	100
XLN Telecom Limited*	United Kingdom	Telecommunications	Ordinary shares	100
OneBill Group Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
OneBill Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
OneBill Telecom Limited*	United Kingdom	Telecommunications	Ordinary shares	100
XLN Pay Limited*	United Kingdom	Card processing services	Ordinary shares	100
XLN Card Processing Solutions Limited*	United Kingdom	Dormant	Ordinary shares	100
Card Processing Group Limited*	United Kingdom	Dormant	Ordinary shares	100
Card Processing Finance Limited*	United Kingdom	Dormant	Ordinary shares	100
Card Processing Service Limited*	United Kingdom	Dormant	Ordinary shares	100
CPS Merchant Services Limited*	United Kingdom	Dormant	Ordinary shares	100
Card Processing Solutions Limited*	United Kingdom	Dormant	Ordinary shares	100
Shine Telecom Limited*	United Kingdom	Non-trading	Ordinary shares	100
XLN Energy Ltd*	United Kingdom	Gas and Electricity	Ordinary shares	100

* Investment held via subsidiary undertaking

The registered address of all of the subsidiaries listed above is Lindred House, 20 Lindred Road, Brierfield, Nelson, England, BB9 5SR.

Statutory financial statements are prepared for all the dormant entities.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

8. Debtors: amounts falling due within one year

	2022	2021
	£	£
Amounts owed by parent undertaking	310,500	310,500
	<u>310,500</u>	<u>310,500</u>

Amounts owed by parent undertaking are interest-free and are repayable on demand.

9. Authorised, issued and called up share capital

		2022		2021
<i>Authorised, allotted, called up and fully paid</i>	<i>No.</i>	£	<i>No.</i>	£
Ordinary shares of £1 each	43,893,662	<u>43,893,662</u>	43,893,662	<u>43,893,662</u>

The ordinary shares are entitled to one vote per share. There are no preferences or restrictions associated with this class of shares in relation to dividends or capital repayment.

No shares were issued in the year ended 31 March 2022.

On 18 December 2020, the Company authorised and issued additional 43,421,912 ordinary shares for a total cash consideration of £43,421,912.

10. Dividends

On 7 October 2021, the Company declared and paid interim cash dividends amounting to £2,900,000 (£0.07 per share). On 13 October 2021, the Company declared and paid interim cash dividends amounting to £2,200,000 (£0.05 per share). No other dividends have been paid or proposed in the year ended 31 March 2022.

On 18 December 2020, the Company declared and paid interim cash dividends amounting to £50,779,590 (£1.16 per share). No other dividends have been paid or proposed in the year ended 31 March 2021.

Hamsard 3220 Limited
(formerly known as XLN Telecom Holdings Limited)

Notes to the financial statements (continued)

at 31 March 2022

11. Commitments

There was a joint composite guarantee between Aston (XLN) Topco Limited, Aston Bidco Limited, Hamsard 3209 Limited, Hamsard 3219 Limited, Hamsard 3210 Limited, Hamsard 3220 Limited (formerly known as XLN Telecom Holdings Limited), XLN Limited, XLN Telecom Limited, XLN Pay Limited, OneBill Group Limited, OneBill Limited, OneBill Telecom Limited and XLN Energy Limited in relation to the secured loan issued by U.S. Bank Trustees Limited (as the security agent) of £115,000,000. This guarantee and debenture was secured by fixed and floating charges over all existing and future assets of the Company. The secured loan was fully repaid on 18 December 2020.

There was a joint composite guarantee between Aston (XLN) Topco Limited, Aston Bidco Limited, Hamsard 3209 Limited, Hamsard 3219 Limited, Hamsard 3210 Limited, Hamsard 3220 Limited (formerly known as XLN Telecom Holdings Limited), XLN Limited, XLN Telecom Limited, XLN Pay Limited, OneBill Group Limited, OneBill Limited, OneBill Telecom Limited and XLN Energy Limited in relation to the secured loan issued by Ares Management Limited (as the security agent) of £125,700,000 on 18 December 2020. This guarantee was secured by fixed and floating charges over all existing and future assets of the Company. Ares Management Limited remained the security agent for both tranche 1 and tranche 2 of the £125,700,000 secured loan following the change in lender on tranche 2 of the secured loan on 18 January 2021. There were no changes to the joint composite guarantee following the change in lender. The secured loan was fully repaid on 4 March 2022.

12. Related party transactions

See Note 4 for the disclosure of the Directors' remuneration. The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Daisy Holdco Limited group.

13. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Hamsard 3210 Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking is Daisy Holdco Limited, a company incorporated in the United Kingdom and who indirectly acquired the previous ultimate parent undertaking, Aston (XLN) Topco Limited on 4 March 2022.

For the year ended 31 March 2022, the largest and smallest group of undertakings for which group financial statements have been drawn is that headed by Daisy Holdco Limited. Copies of the consolidated financial statements can be obtained from the Companies House website.

The registered address for all the companies above is Lindred House, 20 Lindred Road, Brierfield, Nelson, England, BB9 5SR.