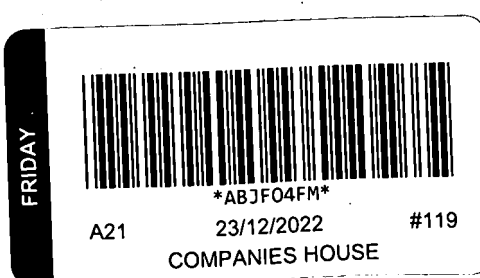


Registration number: 06977942

Daisy Telecoms Limited

Annual Report and Financial Statements

for the year ended 31 March 2022



Daisy Telecoms Limited

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Daisy Telecoms Limited

Directors and advisors

Directors S Smith
D McGlennon
N Thompson

Registered office Lindred House
20 Lindred Road
Brierfield
Nelson
BB9 5SR
United Kingdom

Bankers Bank of Scotland
19/21 Spring Gardens
Manchester
M2 1FB

Independent auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Square
Manchester
M3 3EB
United Kingdom

Daisy Telecoms Limited

Directors' report for the year ended 31 March 2022

The directors present their annual report and the audited financial statements for Daisy Telecoms Limited ("the Company") for the year ended 31 March 2022. The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime under the Companies Act 2006.

Principal activity

The principal activity of the Company is that of an investment holding company.

Proposed dividend

The directors do not recommend the payment of a dividend (2021: £nil).

Directors

The directors who were in office during the year end and up to the date of signing the financial statements are given below:

S Smith

D McGlennon

N Thompson (appointed 12 November 2021)

Directors' and officers' liability insurance and indemnity

The Group has indemnity insurance in place on behalf of its directors during the year which remains in force at the date of this report. The articles of association of certain associated companies also contain indemnification provisions in favour of Group directors to the extent permitted by law. In addition, Daisy Holdings Limited, an associated company, has previously made qualifying third-party indemnity provisions for the benefit of certain directors of the Company which remained in place throughout the year and continue to be in force at the date of this report.

Strategic report

The directors have taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 from preparing a strategic report.

Charitable and political donations

The Company made no charitable donations or political donations during the year (2021: £nil).

Daisy Telecoms Limited

Directors' report for the year ended 31 March 2022 (continued)

Going concern

Under company law, the directors are required to consider whether it is appropriate to prepare the financial statements on the basis that the Company is a going concern. Daisy Group Limited and Daisy Midco Limited, both fellow group companies, have debt facilities in place which are secured through fixed and floating charges over the assets of the Company along with a number of other companies within the Daisy Holdco Limited Group (see note 13). After making adequate enquiries and receiving a confirmation letter from the directors of Daisy Holdco Limited, the directors have a reasonable expectation that the Daisy Holdco Limited Group has adequate resources to continue as a going concern for the foreseeable future.

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 Group have received a letter of support from the provider of this debt, which is also a significant shareholder in the Group, confirming that they will not call in this debt for a period of at least 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 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.

The Company is in a net current asset and net asset position and does not trade. On that basis it has adequate resources to continue in operational existence for the foreseeable future and therefore the going concern basis continues to be adopted in preparing the financial statements (see note 1 to the financial statements).

Covid-19

The directors have also considered the ongoing Covid-19 global pandemic and the potential impact that this may have on the Company. Based on the nature of the operations of the Company and its subsidiaries and the minimal impact to date that the pandemic has had on these operations, the directors do not believe that it represents a significant risk to the Company.

Financial risk management

The Company is exposed to limited risks due to the fact that it is an investment holding company.

Engagement with employees and other business relationships

The Company has no employees, suppliers or customers. For further details on engagement with stakeholders see the Daisy Holdco Limited consolidated financial statements.

Future developments

The Company is not expected to trade and will continue as an investment holding company.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the directors are aware, there is no relevant information of which the Company's auditors are unaware; and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Daisy Telecoms Limited

Directors' report for the year ended 31 March 2022 (continued)

Independent auditors

PricewaterhouseCoopers LLP were re-appointed as the Company's auditors on 20 December 2021. A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors will be proposed at the next directors' meeting.

Approved by the board of directors on 21 December 2022 and signed on its behalf by:



.....
N Thompson
Director

Daisy Telecoms Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the board of directors on 21 December 2022 and signed on its behalf by:



.....
N Thompson
Director

Daisy Telecoms Limited

Independent auditors' report to the members of Daisy Telecoms Limited

Report on the audit of the financial statements

Opinion

In our opinion, Daisy Telecoms Limited's financial statements:

- give a true and fair view of the state 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 (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2022; the Statement of income and retained earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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.

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

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

Daisy Telecoms Limited

Independent auditors' report to the members of Daisy Telecoms Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Daisy Telecoms Limited

Independent auditors' report to the members of Daisy Telecoms Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- obtaining an understanding of the legal and regulatory framework applicable to the Company and how the Company is complying with that framework
- discussions with management and General Counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- reviewing minutes of meetings of those charged with governance, where available
- reading any key correspondence with regulatory authorities that has taken place in the period
- incorporating an element of unpredictability into our audit procedures
- identifying and testing journal entries, including those with unusual account combinations relating to the principal fraud risks set out above
- challenging assumptions and judgements made by management in their significant accounting estimates

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Daisy Telecoms Limited

Independent auditors' report to the members of Daisy Telecoms Limited (continued)

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Jonathan Studholme

.....
Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

22 December 2022

Daisy Telecoms Limited

Statement of income and retained earnings for the year ended 31 March 2022

		Year ended 31 March 2022 £ 000	Year ended 31 March 2021 £ 000
	Note		
Net exceptional administrative expenses	6	(79,260)	-
Income from shares in group undertakings	7	122,363	-
Profit/result before tax		43,103	-
Tax on profit/result	8	-	-
Profit/result for the financial year		43,103	-
Profit and loss account brought forward		17,419	17,419
Profit and loss account carried forward		60,522	17,419

All results in the current and prior year derive from continuing activities.

The Company has recognised no other comprehensive income and expenses, in the current or prior year, other than those shown above in the statement of income and retained earnings, and therefore no separate statement of comprehensive income has been prepared.

Daisy Telecoms Limited

Balance sheet as at 31 March 2022

	Note	31 March 2022 £ 000	31 March 2021 £ 000
Fixed assets			
Investments	9	36,766	116,026
Current assets			
Debtors: amounts falling due within one year	10	60,524	60,524
Creditors: amounts falling due within one year	11	(36,768)	(159,131)
Net current assets/(liabilities)		23,756	(98,607)
Total assets less current liabilities		60,522	17,419
Net assets		60,522	17,419
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account		60,522	17,419
Total shareholders' funds		60,522	17,419

The financial statements have been prepared in accordance with the small companies regime under the Companies Act 2006.

The financial statements on pages 11 to 21 were approved and authorised by the Board of Directors on 21 December 2022 and signed on its behalf by:



N Thompson

Director

Registered number: 06977942

Daisy Telecoms Limited

Notes to the financial statements for the year ended 31 March 2022

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 Section 1A (FRS 102 Section 1A) issued by the Financial Reporting Council. The principal accounting policies, which have been applied consistently throughout the current and prior year, are set out below.

The functional currency of the Company is considered to be pounds sterling because that is the operational currency of the primary economic environment in which the Company operates.

The Company is a private limited company, limited by shares, and is incorporated and domiciled in the UK and registered in England and Wales. The address of its registered office is Lindred House, 20 Lindred Road, Brierfield, Nelson, BB9 5SR.

The Company has taken advantage of the exemption (Companies Act 2006 s400) not to prepare group financial statements on the basis that the Company is included within the consolidated group financial statements of Daisy Group Holdings Limited which are publically available.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken exemptions available to it in the preparation of its financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instrument disclosures, intra-group transactions and remuneration of key management personnel.

Going concern

Under company law, the directors are required to consider whether it is appropriate to prepare the financial statements on the basis that the Company is a going concern. Daisy Group Limited and Daisy Midco Limited, both fellow group companies, have debt facilities in place which are secured through fixed and floating charges over the assets of the Company along with a number of other companies within the Daisy Holdco Limited Group (see note 13). After making adequate enquiries and receiving a confirmation letter from the directors of Daisy Holdco Limited, the directors have a reasonable expectation that the Daisy Holdco Limited Group has adequate resources to continue as a going concern for the foreseeable future.

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 Group have received a letter of support from the provider of this debt, which is also a significant shareholder in the Group, confirming that they will not call in this debt for a period of at least 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 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.

The Company is in a net current asset and net asset position and does not trade. On that basis it has adequate resources to continue in operational existence for the foreseeable future and therefore the going concern basis continues to be adopted in preparing the financial statements.

Daisy Telecoms Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1 Accounting policies (continued)

Fixed asset investments

Investments in subsidiary undertakings held as fixed assets are stated at cost less provision for any impairment. In the opinion of the directors the value of such investments is not less than shown at the balance sheet date. Impairments to investments are charged to exceptional administrative expenses in the statement of income and retained earnings. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Exceptional items

Exceptional items are those that, in management's judgement, should be disclosed separately in order to determine the underlying profitability of the business, in the absence of acquisition activity, integration activity and one-off items. Items that are material, either individually or in aggregate and non-operating or non-recurring in nature are presented as exceptional items in the income statement, within the relevant account heading. Items that may give rise to classification as exceptional items include, but are not limited to, significant restructuring and rationalisation programmes, asset impairments, negative goodwill and acquisition-related costs.

Impairment of assets

Assets are tested for impairment whenever there is an indication that an asset may be impaired.

An impairment loss is recognised in the income statement if the recoverable amount (being the higher of fair value less costs to sell and value in use) of an asset or cash generating unit falls below its carrying value in the balance sheet.

Such impairment losses may be reversed in subsequent periods if there is an indication that the impairment loss recognised in prior periods may no longer exist or may have decreased.

Daisy Telecoms Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1 Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements into which the Company has entered. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at the transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments, discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the balance sheet only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Daisy Telecoms Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1 Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management continually evaluates the estimates, assumptions and judgements based on available information and experience. There were no critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Daisy Telecoms Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any indications of impairment exist the recoverable amount is estimated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3 Directors' emoluments

None of the directors received any remuneration for their services to the Company during the year (2021: £nil). Any remuneration received by the directors was borne by a fellow group company with no recharge (2021: no recharge).

4 Employee information

Excluding the directors, there were no employees in the current or prior year. Administrative services were provided by group companies with no recharge (2021: no recharge).

5 Auditors' remuneration

The fee payable to the Company's auditors for the audit of the Company's financial statements was £5,000 (2021: £5,000) and was borne by a fellow group company with no recharge (2021: no recharge).

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditors for 'Other services' as this information is included in the consolidated financial statements of Daisy Holdco Limited.

6 Net exceptional administrative expenses

	Year ended 31 March 2022 £ 000	Year ended 31 March 2021 £ 000
Investment impairment	79,260	-

On 22 December 2021, the Company received dividends from its subsidiary undertakings of £122.4 million, which were settled by way of novation of intercompany receivables of the same value to the Company. This reduced the net assets of the subsidiaries accordingly and therefore gave rise to an impairment of £79.3 million in the Company's investment in its subsidiary undertakings, which has been recognised in net exceptional administrative expenses in the statement of income and retained earnings.

Daisy Telecoms Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

7 Income from shares in group undertakings

	Year ended 31 March 2022 £ 000	Year ended 31 March 2021 £ 000
Dividend received from subsidiaries	122,363	-

On 22 December 2021, the Company received dividends from its subsidiary undertakings of £122.4 million, which were settled by way of novation of intercompany receivables of the same value to the Company.

8 Tax on profit/result

There has been no tax charge in the current or prior year. The total tax charge for the year is lower than the standard rate of corporation tax in the UK (2021: the same as the standard rate of corporation tax in the UK) of 19% (2021: 19%). The differences are explained below:

	Year ended 31 March 2022 £ 000	Year ended 31 March 2021 £ 000
Profit/result before tax	43,103	-
Total tax at 19% (2021: 19%)	8,190	-
Expenses not deductible for tax purposes	15,059	-
Income not taxable	(23,249)	-
Total tax charge for the year	-	-

The Government announced in the Budget on 3 March 2021 that the UK rate of corporation tax would rise to 25% from 1 April 2023. As the increase had been substantively enacted at the balance sheet date, the deferred tax asset in these financial statements has been recognised at 19% where the balance is expected to unwind in the next financial year with the remaining balances recognised at 25%.

Daisy Telecoms Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

9 Investments

	Shares in subsidiary undertakings £ 000
Cost	
At 1 April 2021 and 31 March 2022	226,173
Accumulated impairment	
At 1 April 2021	110,147
Charge for the year	79,260
At 31 March 2022	189,407
Net book amount	
At 31 March 2022	36,766
At 31 March 2021	116,026

At 31 March 2022 the Company's direct investments in subsidiary undertakings, all of which are registered in England and Wales, were as follows:

Name	% of issued share capital held	Direct/indirect holding	Principal business activity
Daisy Corporate Services Limited	100%	Direct	Dormant
Daisy Partner Services Limited	100%	Direct	Dormant
Surgery Line Limited	100%	Direct	Dormant
Daisy Surgery Line Limited	100%	Direct	Dormant
Daisy Digital Media Limited	100%	Direct	Dormant
SpiriTel Limited	100%	Direct	Dormant
Criffel Micro Business Systems Limited	100%	Direct	Dormant
Control Circle Limited	100%	Direct	Dormant
Daisy Wholesale Limited	100%	Direct	Dormant
Trend Network Services	100%	Direct	Dormant
Scalable Communications Limited	100%	Direct	Dormant
Alternative Networks Limited	100%	Direct	Dormant
Cloudsure Limited	100%	Direct	Dormant
Daisy IT Group Limited	100%	Direct	Dormant
Daisy IT Continuity Consulting Limited	100%	Direct	Dormant
Network Disaster Recovery Limited	100%	Direct	Dormant
Digital Wholesale Services Limited	100%	Direct	Dormant
Daisy IT Services Limited	100%	Direct	Dormant

Daisy Telecoms Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

9 Investments (continued)

On 22 December 2021, the Company received dividends from its subsidiary undertakings of £122.4 million, which were settled by way of novation of intercompany receivables of the same value to the Company. This reduced the net assets of the subsidiaries accordingly and therefore gave rise to an impairment of £79.3 million in the Company's investment in its subsidiary undertakings, which has been recognised in net exceptional administrative expenses in the statement of income and retained earnings.

The registered address for all the subsidiaries with the exception of Criffel Micro Business Systems Limited, is Lindred House, 20 Lindred Road, Brierfield, Nelson, BB9 5SR. The registered address for Criffel Micro Business Systems Limited is Campsie House, 4 Lister Way, Hamilton International Technology Park, Blantyre, Glasgow G72 0FT, Scotland.

The directors believe that the carrying value of the investments is supported by the underlying net assets.

10 Debtors: amounts falling due within one year

	31 March 2022 £ 000	31 March 2021 £ 000
Amounts owed by group undertakings	<u>60,524</u>	<u>60,524</u>

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

11 Creditors: amounts falling due within one year

	31 March 2022 £ 000	31 March 2021 £ 000
Amounts owed to group undertakings	<u>36,768</u>	<u>159,131</u>

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

12 Called up share capital

Allotted, called up and fully paid shares

	2022		2021	
	Number	£	Number	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Daisy Telecoms Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

13 Contingent liabilities

Daisy Group Limited, a fellow group company, has debt facilities in place which are secured through fixed and floating charges over the assets of the Company and its subsidiary undertakings. The total indebtedness against these senior and revolving facilities at 31 March 2022 was £424.0 million (2021: £416.0 million).

Another fellow group company, Daisy Midco Limited, has a payment in kind facility in place which is also secured through fixed and floating charges over the assets of the Group. The total indebtedness of this facility at 31 March 2022 was £434.3 million (2021: £195.3 million) including capitalised interest of £73.4 million (2021: £49.3 million).

The directors do not expect any material loss to arise in respect of the group security arrangements in place.

14 Related undertakings

The ultimate parent undertaking and controlling party is Daisy Holdco Limited which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements can be obtained from the Companies House website.

The Company's immediate parent undertaking is Daisy Intermediate Holdings Limited, a company registered in England and Wales.

The Company's direct subsidiaries have been detailed in note 9.

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

15 Related party transactions

See note 3 for 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.