

Company Registration No. 08801133 (England and Wales)

CONNECT MANAGED HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 APRIL 2020

THURSDAY



A9YLSJSI

A06

18/02/2021

#167

COMPANIES HOUSE

CONNECT MANAGED HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M P Cross A Tupman A J Young P J C Francis
Secretary	B Ramsdale
Company number	08801133
Registered office	8th Floor City Place House 55 Basinghall Street London EC2V 5DU England
Auditor	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU

CONNECT MANAGED HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
<i>Independent auditor's report</i>	5 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 18

CONNECT MANAGED HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 APRIL 2020

The directors present the strategic report for the period ended 30 April 2020.

Fair review of the business

The company is an intermediate holding company. Connect Managed Holdings Limited holds 100% of the issued share capital of Conn3ct Limited.

The carrying value of the company's investment in its subsidiary at the end of the period was £10,488,000 (31 December 2018: £10,488,000). Having reviewed the carrying value of the company's subsidiaries the directors have assessed that no impairment charge is required this year (31 December 2018: £nil). At 30 April 2020 the company had net current liabilities of £19,925,000 (2018: net current liabilities £2,145,000) and made a loss after tax for the period of £2,353,000 (2018: £1,831,000).

Going concern

As at 30 April 2020, the company had net current liabilities of £19,925,000 (2018: net current liabilities £2,145,000) and net liabilities of £9,437,000 (2018: net liabilities £7,093,000). The company also reported a loss after taxation for the financial period of £2,353,000 (2018: loss after taxation £1,831,000) as a result of interest payable and receivable on group loans and also on loan notes held. The net liabilities and net current liabilities position as at 30 April 2020 arose as a result of intercompany transactions with fellow group undertakings.

The directors consider that the fair value of the fixed asset investments in its subsidiaries significantly exceeds the carrying value at 30 April 2020 and that these are considerably greater than the net liabilities at the reporting date.

In addition, the directors have received written support from group undertakings that they will receive continued support from them for at least 12 months from the date of approval of these financial statements, such that the company can meet its liabilities as they fall due. The financial statements have therefore been produced on a going concern basis. There is no material impact on the company as a result of COVID-19 given the company is an intermediate holding company with no external trade.

Covid-19

On 11 March 2020, the World Health Organisation declared the Coronavirus outbreak (COVID-19) a pandemic. Following this, the United Kingdom entered into a government-imposed lockdown on 23 March 2020 to help contain the coronavirus pandemic and seek to prevent further fatalities, which it returned to on 5 November 2020 after restrictions had been slowly lifted in the period between these dates. The directors do not expect there to be any direct on the company itself with the most significant impact of this pandemic on the company's indirectly wholly owned trading subsidiary, Connect Managed Services (UK) Limited. It is not possible to quantify precisely the potential impacts of this, as disruption to the global economy on this scale has not been seen in recent history.

At the date of approval of the financial statements there remains uncertainty in relation to the future impact that the Covid-19 pandemic will have on the Global economy, and on the company as a consequence. The Board have considered the assessment carried out by the directors of Connect Managed Services (UK) Limited ("CMS") and the actions taken by the board of that CMS and are monitoring the evolving situation very closely.

Principal risks and uncertainties

As a holding company, the results of the company are subject to a number of risks. The principal risks and uncertainties affecting the company is related to its investments. The company is exposed to the risk of deterioration in business performance in its group undertakings which may have an adverse effect on the value of the company's investments.

Future developments

The directors are not, at the date of this report, aware of any major changes in the company's activities in the next year.

CONNECT MANAGED HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2020

Financial risk management

The company makes little use of financial instruments so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities and financial position of the company.

On behalf of the board



A Tupman
Director

Date: 16/11/20

CONNECT MANAGED HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 APRIL 2020

The directors present their annual report and financial statements for the period ended 30 April 2020.

Principal activities

The principal activity of the company continued to be that of an intermediate holding company for the Connect Managed Services group of companies which provide manager Customer Experience (CX) and Unified Communications (UC) services.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

M P Cross

A Tupman

S P Blagden

C M Coulton

J B Campbell

A K Shah

A J Young

P J C Francis

(Resigned 1 July 2019)

(Resigned 2 July 2019)

(Resigned 11 February 2019)

(Appointed 11 February 2019 and resigned 15 January 2020)

(Appointed 18 May 2020)

(Appointed 18 May 2020)

Results and dividends

The results for the period are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

RSM UK Audit LLP were appointed as auditor to the company in the period and is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial instruments and future developments.

Statement of disclosure to 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 of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



A Tupman

Director

Date: 16/4/20

CONNECT MANAGED HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 30 APRIL 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNECT MANAGED HOLDINGS LIMITED

Opinion

We have audited the financial statements of Connect Managed Holdings Limited (the 'company') for the period ended 30 April 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNECT MANAGED HOLDINGS LIMITED (CONTINUED)

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 report and the directors' report.

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

- adequate accounting records have not been kept 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 4, 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.

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

RSM UK Audit LLP

Perry Linton FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP Statutory Auditor

Chartered Accountants

Davidson House

Forbury Square

Reading

Berkshire RG1 3EU

16 November 2020

CONNECT MANAGED HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 APRIL 2020

		Period ended 30 April 2020 £000	Year ended 31 December 2018 £000
	Notes		
Turnover		-	-
Interest receivable and similar income	6	109	-
Interest payable and similar expenses	7	(2,724)	(1,831)
Loss before taxation		(2,615)	(1,831)
Tax on loss	8	262	-
Loss for the financial period		(2,353)	(1,831)

CONNECT MANAGED HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 APRIL 2020**

	Notes	2020 £000	2018 £000
Fixed assets			
Investments	9	10,488	10,488
Current assets			
Debtors	11	5,833	11
Creditors: amounts falling due within one year	12	(25,758)	(2,156)
Net current liabilities		(19,925)	(2,145)
Total assets less current liabilities		(9,437)	8,343
Creditors: amounts falling due after more than one year	13	-	(15,436)
Net liabilities		(9,437)	(7,093)
Capital and reserves			
Called up share capital	16	151	142
Share premium account	17	161	161
Profit and loss reserves	17	(9,749)	(7,396)
Total equity		(9,437)	(7,093)

The financial statements were approved by the board of directors and authorised for issue on 16/11/20 and are signed on its behalf by:



P J C Francis
Director

CONNECT MANAGED HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 APRIL 2020

	Notes	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2018		142	161	(5,565)	(5,262)
Period ended 31 December 2018:					
Loss and total comprehensive income for the period		-	-	(1,831)	(1,831)
Balance at 31 December 2018		142	161	(7,396)	(7,093)
Period ended 30 April 2020:					
Loss and total comprehensive income for the period		-	-	(2,353)	(2,353)
Issue of share capital	16	9	-	-	9
Balance at 30 April 2020		151	161	(9,749)	(9,437)

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 APRIL 2020

1 Accounting policies

Company information

Connect Managed Holdings Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 8th Floor, City Place House, 55 Basinghall Street, London, England, EC2V 5DU.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Group (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

Connect Managed Holdings Limited is a wholly owned subsidiary of Project Phoenix Bidco Limited and the results of Connect Managed Holdings Limited are included in the consolidated financial statements of Project Phoenix Topco Limited which are available from 8th Floor, City Place House, 55 Basinghall Street, London, England, EC2V 5DU.

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2020

1 Accounting policies (Continued)

Going concern

As at 30 April 2020, the company had net current liabilities of £19,925,000 (2018: net current liabilities £2,145,000) and net liabilities of £9,437,000 (2018: net liabilities £7,093,000). The company also reported a loss after taxation for the financial period of £2,353,000 (2018: loss after taxation £1,831,000) as a result of interest payable and receivable on group loans and also on loan notes held. The net liabilities and net current liabilities position as at 30 April 2020 arose as a result of intercompany transactions with fellow group undertakings.

The directors consider that the fair value of the fixed asset investments in its subsidiaries significantly exceeds the carrying value at 30 April 2020 and that these are considerably greater than the net liabilities at the reporting date.

In addition, the directors have received written support from group undertakings that they will receive continued support from them for at least 12 months from the date of approval of these financial statements, such that the company can meet its liabilities as they fall due. The financial statements have therefore been produced on a going concern basis. There is no material impact on the company as a result of COVID-19 given the company is an intermediate holding company with no external trade.

Reporting period

The company has presented its financial statements for a period of longer than one year, amending the reporting date to be 30 April 2020 from 31 December 2019 so as to align the reporting date with the wider group. As a result the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

Fixed asset investments

Interests in subsidiaries are measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include other debtors and amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2020

1 Accounting policies (Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Indicators of impairment in investments

Management exercise judgement in determining indicators of impairment of the company's investments in subsidiary undertakings. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the assets.

3 Employees

The company had no employees during the current or prior period, excluding directors.

4 Share-based payment transactions

Connect Managed Holdings Limited operated an equity-settled share-based remuneration scheme over the 'C' shares for employees of its subsidiary, Connect Managed Services (UK) Limited, the principal vesting condition being upon an 'exit event' of the company, and that the employee has remained with the subsidiary over the vesting period.

On 2 July 2019, options over 91,391 class C ordinary shares with a nominal value of 10p each were exercised and all remaining options were forfeited.

In the prior year, there were 18 employees of the subsidiary involved in this scheme.

	Number of share options		Weighted average exercise price	
	2020 Number	2018 Number	2020 £000	2018 £000
Outstanding at 1 January 2019	121,065	121,065	0.10	0.10
Forfeited	(29,134)	-	0.10	-
Exercised	(91,931)	-	0.10	-
Outstanding at 30 April 2020	-	121,065	-	0.10

The exercise price of options outstanding at the end of the prior year for all options granted was 10 pence and their weighted average contractual life was 6.5 years.

A share-based payment charge of £nil was recognised in the period ended 30 April 2020 (31 December 2018: £nil).

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2020

5 Operating profit

The audit fees for the current and prior period are being borne by a fellow group company.

6 Interest receivable and similar income

	2020 £000	2018 £000
Interest income		
Interest receivable from group companies	109	-
	<u>109</u>	<u>-</u>

7 Interest payable and similar expenses

	2020 £000	2018 £000
Interest on convertible loan notes	999	1,831
Interest payable to group undertakings	1,725	-
	<u>2,724</u>	<u>1,831</u>

8 Taxation

	2020 £000	2018 £000
Deferred tax		
Origination and reversal of timing differences	(262)	-
	<u>(262)</u>	<u>-</u>

The total tax (credit)/charge for the period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2020 £000	2018 £000
Loss before taxation	(2,615)	(1,831)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(497)	(348)
Effect of change in corporation tax rate	(11)	-
Group relief	342	348
Deferred tax not recognised	(96)	-
Taxation credit for the period	<u>(262)</u>	<u>-</u>

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. These rates have been used to measure deferred tax assets and liabilities where applicable. In March 2020 the Chancellor announced that tax rate would remain at 19%, however, this rate had not been substantively enacted at the reporting date and it has not been used in the measurement of deferred tax.

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2020

9 Fixed asset investments

	Notes	2020 £000	2018 £000
Investments in subsidiaries	10	10,488	10,488

Movements in fixed asset investments

	Shares in group undertakings £000
Cost	
At 1 January 2019 & 30 April 2020	10,488
Carrying amount	
At 30 April 2020	10,488
At 31 December 2018	10,488

10 Subsidiaries

Details of the company's subsidiaries at 30 April 2020 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct Indirect
Conn3ct Limited	1)	Telecommunications	Preference	100.00 -
Connect Managed Services 1) (UK) Limited		Telecommunications	Ordinary	- 100.00
Connect Communications 2) GmbH		Telecommunications	Ordinary	- 100.00
Managed Connect IT 3) Services India Private Limited		Telecommunications	Ordinary	- 99.99
Connect Managed Services 4) (US) Inc		Telecommunications	Ordinary	- 100.00

Registered office addresses:-

- 1) 8th Floor, City Place House, 55 Basinghall Street, London, England, EC2V 5DU
- 2) Nordenstrasse 62, 60318 Frankfurt am Main, Germany
- 3) Mfar Greenheart Level 7, Manyata Tech Park, Hebbal Outer Ring, Bangalore, KA 560045, India
- 4) 450 Seventh Avenue, Suite 1402, New York, NY 10123, United States of America

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2020

11 Debtors

	2020 £000	2018 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	5,562	-
Other debtors	9	11
	<u>5,571</u>	<u>11</u>
Deferred tax asset (note 15)	262	-
	<u>5,833</u>	<u>11</u>

12 Creditors: amounts falling due within one year

	2020 £000	2018 £000
Amounts owed to group undertakings	25,758	2,156
	<u>25,758</u>	<u>2,156</u>

13 Creditors: amounts falling due after more than one year

	Notes	2020 £000	2018 £000
Convertible loans	14	-	15,436
		<u>-</u>	<u>15,436</u>

14 Convertible loan notes

	2020 £000	2018 £000
Liability component of convertible loan notes	-	15,436
	<u>-</u>	<u>15,436</u>

The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity.

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Statement Of Financial Position represents the effective interest rate less interest paid to that date.

The equity component of the convertible loan notes has been credited to the equity reserve.

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2020

15 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Assets 2020 £000	Assets 2018 £000
Balances:		
Tax losses	262	-
	<u>262</u>	<u>-</u>
Movements in the period:		2020 £000
Liability at 1 January 2019		-
Credit to profit or loss		(262)
		<u>(262)</u>
Liability/(Asset) at 30 April 2020		<u>(262)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

16 Share capital

	2020 £000	2018 £000
Ordinary share capital		
Issued and fully paid		
1,012,524 (2018: 1,012,524) A1 ordinary shares of 2.5p each	25	25
987,476 (2018: 987,476) A2 ordinary shares of 2.5p each	25	25
348,508 (2018: 348,508) B ordinary shares of 10p each	35	35
265,500 (2018: 174,109) C ordinary shares of 10p each	26	17
402,098 (2018: 402,098) D ordinary shares of 10p each	40	40
	<u>151</u>	<u>142</u>

'A1' ordinary shares in issue are fully paid, carry equal voting rights and share equally any surplus on wind-up.

'A2' ordinary shares in issue are fully paid, carry no rights, but share equally any surplus on wind-up.

'B', 'C' and 'D' ordinary shares in issue are fully paid, carry equal voting rights and share equally in dividends and any surplus on wind-up.

On 2 July 2019, Connect Managed Holdings Limited issued 91,391 class C ordinary shares with a nominal value of 10p each at par for cash consideration (see note 4).

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2020

17 Reserves

Share premium

The share premium account includes the amount subscribed for share capital in excess of the nominal value.

Profit and loss reserves

Retained earnings represent cumulative profits or losses.

18 Financial commitments, guarantees and contingent liabilities

A Composite Company Limited Multilateral Guarantee has been given by Connect Managed Holdings Limited. The guarantee is in respect of Project Phoenix Topco Limited; Project Phoenix Bidco Limited; Connect Managed Services (UK) Limited; Conn3ct Limited; G3 Comms Limited; and G3 Holdings Limited.

There is a Fixed Charge over all present and future freehold and leasehold property; First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and First Floating Charge over all assets and undertaking both present and future in favour of Santander UK Plc for all amounts owed to it.

19 Ultimate controlling party

The immediate parent company is Project Phoenix BidCo Limited, a company incorporated in England and Wales with a registered office of 8th Floor, City Place House, 55 Basinghall Street, London, England, EC2V 5DU.

The ultimate parent company and parent of the smallest and largest group for which consolidated financial statements are drawn up of which the company is a member is Project Phoenix TopCo Limited. A company incorporated in England and Wales with a registered office of 8th Floor, City Place House, 55 Basinghall Street, London, England, EC2V 5DU. Copies of the consolidated financial statements are publicly available from Companies House.

The ultimate controlling interest is held by investment funds, managed by Apiary Capital Partners I GP LLP, a company incorporated in Scotland.