

Company Registration No. 08801133 (England and Wales)

CONNECT MANAGED HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2021

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CONNECT MANAGED HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M P Cross A J Young P J C Francis
Secretary	B Ramsdale
Company number	08801133
Registered office	8th Floor City Place House 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

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CONNECT MANAGED HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present the strategic report for the year ended 30 April 2021.

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.

Going concern

As at 30 April 2021, the company had net current liabilities of £22,216,000 (2020: net current liabilities £19,925,000) and net liabilities of £11,728,000 (2020: net liabilities £9,437,000). The company also reported a loss after taxation for the financial period of £2,292,000 (2020: loss after taxation £2,353,000) 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 2021 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 2021 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

Throughout the year the company's indirectly wholly owned trading subsidiary, Connect Managed Services (UK) Limited has triggered its business continuity plans and operated fully effective through the lockdown restrictions that followed the outbreak of the pandemic. Despite the risks to the business and remaining uncertainties of the economic outlook, the directors of Connect Managed Services (UK) Limited adapted to this challenge and continue to deliver the solution that allow their customers make the required changes within their businesses. Throughout the year the health and safety of the staff has been paramount and as lockdown restrictions were eased and a small proportion of staff returned to the office, the directors took all reasonable steps to make the workplace a safe environment. The welfare of our staff remained the prime concern together with the operational and financial impacts arising from the pandemic.

The Board have considered the assessment carried out by the directors of Connect Managed Services (UK) Limited and the actions taken.

Principal risks and uncertainties

As a holding company, the results of the company are subject to a number of risks. The principal risk and uncertainty affecting the company is related to its investments. The company is exposed to the risk of deterioration in business performance in its subsidiary 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.

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.

CONNECT MANAGED HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

On behalf of the board



A J Young
Director

Date: 7/10/21

CONNECT MANAGED HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present their annual report and financial statements for the year ended 30 April 2021.

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 headed by Connect Managed Services (UK) Limited which provide manager Customer Experience (CX) and Unified Communications (UC) services.

Results and dividends

The results for the year are set out on page 8.

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

Directors

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

M P Cross	
A Tupman	(Resigned 14 January 2021)
A J Young	(Appointed 18 May 2020)
P J C Francis	(Appointed 18 May 2020)

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

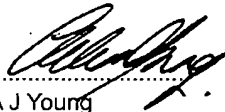
Strategic report

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 J Young
Director

Date: 7/10/21

CONNECT MANAGED HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2021

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 year ended 30 April 2021 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 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 2021 and of its loss for the year 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

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 at least twelve 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.

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 contained within the annual report. 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.

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 this gives rise to 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 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 year 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 or the 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 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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.

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
8.12.21

CONNECT MANAGED HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2021

		Year ended 30 April 2021 £000	Period ended 30 April 2020 £000
	Notes		
Turnover		-	-
Interest receivable and similar income	6	167	109
Interest payable and similar expenses	7	(2,261)	(2,724)
		<u> </u>	<u> </u>
Loss before taxation		(2,094)	(2,615)
Tax on loss	8	(198)	262
		<u> </u>	<u> </u>
Loss for the financial year		<u><u>(2,292)</u></u>	<u><u>(2,353)</u></u>

CONNECT MANAGED HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021**

	Notes	2021 £000	2020 £000
Fixed assets			
Investments	9	10,488	10,488
Current assets			
Debtors	11	5,803	5,833
Creditors: amounts falling due within one year	12	(28,019)	(25,758)
Net current liabilities		(22,216)	(19,925)
Total assets less current liabilities		(11,728)	(9,437)
Capital and reserves			
Called up share capital	14	152	151
Share premium account	15	161	161
Profit and loss reserves	15	(12,041)	(9,749)
Total equity		(11,728)	(9,437)

The financial statements were approved by the board of directors and authorised for issue on7.10.2021.....
and are signed on its behalf by:


.....
P J C Francis
Director

CONNECT MANAGED HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2021

	Notes	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2019		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	14	9	-	-	9
Balance at 30 April 2020		151	161	(9,749)	(9,437)
Period ended 30 April 2021:					
Loss and total comprehensive income for the period		-	-	(2,292)	(2,292)
Other movements		1	-	-	1
Balance at 30 April 2021		152	161	(12,041)	(11,728)

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

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, 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 £1,000.

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 YEAR ENDED 30 APRIL 2021

1 Accounting policies (Continued)

Going concern

As at 30 April 2021, the company had net current liabilities of £22,216,000 (2020: net current liabilities £19,925,000) and net liabilities of £11,728,000 (2020: net liabilities £9,437,000). The company also reported a loss after taxation for the financial period of £2,292,000 (2020: loss after taxation £2,353,000) 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 2021 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 2021 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

In the comparative period, the company elected to present financial statements for a period of longer than one year to align the reporting date with the wider group. Therefore, the comparative financial statements cover the period from 1 January 2019 to 30 April 2020. 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 YEAR ENDED 30 APRIL 2021

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 YEAR ENDED 30 APRIL 2021

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.

Impairment of investment in subsidiaries

The recoverable amount of investments is based on future cash flows for the individual investments. In determining whether any impairment is required, management makes a number of estimates in respect of future cash flows and future earnings growth. Following their assessment and review, the directors have determined no impairment is necessary.

3 Employees

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

4 Share-based payment transactions

Connect Managed Holdings Limited previously 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 period, there were 18 employees of the subsidiary involved in this scheme.

	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £000	2020 £000
Outstanding at 1 May 2020	-	121,065	-	0.10
Forfeited	-	(29,134)	-	0.10
Exercised	-	(91,931)	-	0.10
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at 30 April 2021	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

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

No share-based payment charge was recognised in the prior period or in the current year.

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

5 Operating profit

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

6 Interest receivable and similar income

	2021	2020
	£000	£000
Interest income		
Interest receivable from group companies	167	109
	<u>167</u>	<u>109</u>

7 Interest payable and similar expenses

	2021	2020
	£000	£000
Interest on convertible loan notes	-	999
Interest payable to group undertakings	2,261	1,725
	<u>2,261</u>	<u>2,724</u>

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

8 Taxation

	2021 £000	2020 £000
Deferred tax		
Origination and reversal of timing differences	-	(262)
Adjustment in respect of prior periods	198	-
Total deferred tax	198	(262)

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

	2021 £000	2020 £000
Loss before taxation	(2,094)	(2,615)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(398)	(497)
Adjustments in respect of prior years	198	-
Effect of change in corporation tax rate	-	(11)
Group relief	398	342
Deferred tax not recognised	-	(96)
Taxation charge/(credit) for the period	198	(262)

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 21. Deferred tax has been calculated at 19% which was the tax rate substantively enacted at 30 April 2021. The effect of remeasuring deferred tax to 25% would increase recognised deferred tax assess at 30 April 2021 to £83,691.

9 Fixed asset investments

	Notes	2021 £000	2020 £000
Investments in subsidiaries	10	10,488	10,488

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

9 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £000
Cost	
At 1 May 2020 & 30 April 2021	10,488
Carrying amount	
At 30 April 2021	10,488
At 30 April 2020	10,488

10 Subsidiaries

Details of the company's subsidiaries at 30 April 2021 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct Indirect
Conn3ct Limited	1)	Holding company	Preference	100.00 -
Connect Managed Services (UK) Limited	1)	Telecommunications	Ordinary	- 100.00
Connect Communications GmbH	2)	Telecommunications	Ordinary	- 100.00
Managed Connect IT Services India Private Limited	3)	Telecommunications	Ordinary	- 99.99
Connect Managed Services (US) Inc	4)	Telecommunications	Ordinary	- 100.00
ICR Speech Solutions & Services Ltd	5)	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
- 5) The Engine House, Ashley Lane, Saltaire, Bradford, West Yorkshire, BD17 7DB

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

11 Debtors

	2021	2020
	£000	£000
Amounts falling due within one year:		
Amounts owed by group undertakings	5,729	5,562
Other debtors	10	9
	<u>5,739</u>	<u>5,571</u>
Deferred tax asset (note 13)	64	262
	<u>5,803</u>	<u>5,833</u>

12 Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Amounts owed to group undertakings	28,019	25,758
	<u>28,019</u>	<u>25,758</u>

13 Deferred taxation

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

	Assets	Assets
	2021	2020
	£000	£000
Balances:		
Tax losses	64	262
	<u>64</u>	<u>262</u>
Movements in the year:		2021
		£000
Asset at 1 May 2020		(262)
Charge to profit or loss		198
Asset at 30 April 2021		<u>(64)</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.

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

14 Share capital

	2021 £000	2020 £000
Ordinary share capital		
Issued and fully paid		
0 (2020: 1,012,524) A1 ordinary shares of 2.5p each	-	25
0 (2020: 987,476) A2 ordinary shares of 2.5p each	-	25
0 (2020: 348,508) B ordinary shares of 10p each	-	35
0 (2020: 265,500) C ordinary shares of 10p each	-	26
0 (2020: 402,098) D ordinary shares of 10p each	-	40
3,016,106 ordinary shares of 10p or of 2.5p each	152	-
	<u>152</u>	<u>151</u>

'A1' ordinary shares are fully paid, carry equal voting rights and share equally in 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).

In the most recent financial statements for the period ended 30 April 2020, the split of share capital did not reflect a reclassification of share capital on 2 July 2019. An adjustment has been made in these financial statements to reflect the impact of this redesignation. On 2 July 2019 the company redesignated 1,012,524 A1 ordinary shares of 2.5p each and 987,476 A2 ordinary shares of 2.5p each into 2,000,000 ordinary shares of 2.5p each. On the same date, the company redesignated 348,508 B ordinary shares of 10p each; 265,500 C ordinary shares of 10p each; and 402,098 D ordinary shares of 10p each into 402,098 ordinary shares of 10p each.

Subsequent to the redesignation, the ordinary shares are fully paid, carry equal voting rights and share equally in dividends and any surplus on wind-up.

15 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.

CONNECT MANAGED HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

16 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; G3 Holdings Limited; and ICR Speech Solutions & Services Ltd.

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.

17 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 limited liability partnership incorporated in Scotland.