Company Registration No. 11839973 (England and Wales)

PROJECT PHOENIX TOPCO LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2021

PROJECT PHOENIX TOPCO LIMITED

COMPANY INFORMATION

Directors	N J Boyd M Salter A Parish A J Young P J C Francis M Thompson M P Cross T J Alldred
Secretary	B Ramsdale
Company number	11839973
Registered office	8th Floor City Place House 55 Basinghall Street London England EC2V 5DU
Auditor	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU

PROJECT PHOENIX TOPCO LIMITED

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PROJECT PHOENIX TOPCO 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 principal activity of the group in the period under review continues to be a managed Customer Experience (CX), Unified Communications (UC) services provider and a global wide area network (WAN) provider. The group delivers transformation solutions for business-critical and global CX, UC and global WAN environments. This includes a bespoke set of monitoring and automation tools which allows the group to offer a 24x7 service and deliver consistently high performance for availability.

The group's unique 'Stabilise, Enhance, Transform, Innovate' programme (S-E-T-I) enables a seamless journey from disjointed legacy technologies and suppliers to a uniform, digital, multi-channel environment. The ability to combine WAN capability with the deployment CX and UC applications vastly improving customer experience under a single contract.

On 24th June 2020 Connect Managed Services (UK) Limited acquired 100% of the share capital of ICR Speech Solutions & Services Ltd, a company that specialises in speech application development in interactive voice response (IVR) and speech bot technology adding skills and intellectual property in IVR. IVR is a critical technology in contact centres, providing the initial response to a customer caller before they reach an agent. Dramatic advances in technology and the introduction of artificial intelligence and machine learning have driven the market demand away from call steering towards a context-aware personalised customer experience.

On the 3rd February 2021 Adam Young was appointed chief executive officer, following the planned departure of Alex Tupman, who had been group chief executive since the merger of Connect Managed Services and G3 Comms in July 2019.

The result of the group for the year ended 30 April 2021 shows revenue of £43,865,000 (period ending 30 April 2020: £45,418,000) and adjusted EBITDA of £5,415,000 (period to 30 April 2020: £5,885,000) . As at 30 April 2021, the group had net current liabilities of £2,514,000 (2020: net current liabilities of £1,316,000) and net liabilities of £21,033,000 (2020: net liabilities of £12,756,000).

The result of the company for the year ended 30 April 2021 shows a profit of £69,000 (period ending 30 April 2020 profit of £85,000) as at the same date the company had net assets of £1,147,000 (2020: £1,078,000).

Prior to the start of the year in the March 2020 lockdown, the group successfully invoked a number of its business continuity protocols to enable staff to continue to operate effectively from home. Throughout the year the group has operated through the challenges of the pandemic which the board considered to be a principal risk to the business as the lockdown provisions resulted in many projects being delayed and customers sought to preserve cash. However due to our ability to innovate solutions to meet the changing demands of the market, we successfully added a number of new names to our customer list and avoided any furloughing of staff.

In conducting the review of the group's long-term prospects, the directors have assessed the economic and market conditions in conjunction with the principal risks, including the impact and opportunity of COVID-19 and considered the impact on future performance, liquidity and solvency. The assessment included the preparation of financial forecasts of demand within the group's key markets and how these may impact on profit and cash flows. The directors continue to consider the mitigating actions the group could take in the event that the pandemic creates any further adverse consequences. The group maintains a strong financial position at 30 April 2021 with £6,364,000 (2020: £4,385,000) of cash and the expected continuation of strong cash generation from operations. After making this assessment the directors have a reasonable expectation that the company and the group have adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

During the period the group has continued to invest in research and development with the significant expansion of its global WAN "CRISP" Network, investing in six new points of presence strategically located across the world to further minimise latency and deliver global network services locally.

Post balance sheet events
On 16 June 2021 the group completed the acquisition of Service CX Limited, a UK based customer care solutions provider, delivering skilled professional services across a range of contact centre technologies.

Key performance indicators
The directors monitor the performance of the group with reference to certain performance indicators. The financial targets that are monitored are as follows:

		Year ended 30 April 2021 £'000	**Period ended 30 April 2020 £'000**
Turnover		43,865	45,418
Turnover from recurring income		33,246	33,698
% of turnover from recurring income		*76%*	*74%*
Gross profit		22,742	23,523
% turnover		*52%*	*52%*
Adjusted EBITDA		5,415	5,855
Adjusted EBITDA as a % of turnover		12%	13%
Adjusted EBITDA is calculated as follows:	**Notes**		
Operating loss		(4,137)	(12,521)
Exceptional costs	4	881	1,893
Amortisation	7	*8,333*	*16,223*
Depreciation	7	338	260
Adjusted EBITDA		5,415	5,855

Trading outlook and going concern
While the outbreak of Covid-19 has created a level of uncertainly toward the predictability of future performance, the business continues to support critical applications for customers. As the demand for cloud based services continues to grow, the directors expect a shift in the revenue profile of the group towards an increase in recurring revenues as more clients consume solutions as a service and dilute the traditional front-loaded revenues of equipment and implementation services. The directors have continued to make cautious investments in the development of the product portfolio and the addition of headcount in sales and marketing as they see the demand for the groups products and services continue.

Principal risks and uncertainties
There are a number of potential risks and uncertainties that the group is exposed to, although these are not considered to be any more severe than for other comparable groups/companies adopting similar strategies.

Catastrophic event restricting our ability to service customers
Throughout the year the group has triggered its business continuity plans and operated fully effective through the lockdown restrictions that followed the outbreak of Covid-19 in March 2020. Despite the risks to the business and remaining uncertainties of the economic outlook, we have adapted to this challenge and continue to deliver the solution that allow our customers make the required changes within their businesses. Throughout the year the health and safety of our 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 as safe environment. The welfare of our staff remained the prime concern together with the operational and financial impacts arising from the pandemic.

The general economic environment
Throughout the year the pressure that the general economic environment to reduce prices and extend credit terms has remained prevalent during the pandemic. Our ability to secure contractual commitment with extended term contracts and to repeatedly deliver quality to customers has allowed maintenance of acceptable margins and fair terms and conditions with clients.

The risk of an uncertain future economic outlook continues to be monitored and the group will continue to plan its business, its product and service offerings to provide customers the service levels and solutions they require. The directors are pleased with the group's development and believe the management team in place are able to continue with the success of the group through the current testing market conditions and into the future.

Business risks
Loss of customers: The business has continued to invest and expand the product and service offering to increase the value provided to customers. Accreditations are in place to sell, implement and support multiple products covering the key communication needs of modern businesses. Investment in marketing to both existing and new customers should minimise the effect of attrition. The financial impact of losing a major customer is partly reduced by the diversity of the customer base with no individual customer representing more than 15% of the company's revenues, coupled with strong account management and executive engagement with all of the key customers.

Reliance on a particular product manufacturer and the potential that they fail to innovate sufficiently to meet market demand: The business has a maintained a diverse product portfolio covering several of the major manufacturers in the sector including Genesys, Avaya, Cisco, Microsoft and Amazon. The directors believe this mix enhances the opportunities for the group to offer the appropriate solution to meet customer requirements, hence mitigating the risk.

Traditional hardware and equipment solutions are being replaced with software and cloud services: We continue to see an increasing demand from customers to consume services through the cloud and as our chosen telecommunication vendors modernise and expand their solutions, the traditional PBX hardware is being replaced with software that offers more unified communication and collaboration. The shift for customers making use of IP networks transitioning away from on premise deployments has been accelerated by the pandemic. The group is well positioned with its CX solutions and the expanded CRISP Network to satisfy this demand.

Operational risks
Failure to hire and retain key employees: The future business plans have been constructed with detailed requirements for the types and quantity of resources required to deliver against the expected levels of business into the future. Furthermore, the senior management team are networked with the established communities within the industry to identify individual candidates. The market-tested reward and incentive packages linked to regular staff communications and staff appraisal processes within the business help address this risk.

Failure to maintain manufacturers accreditations: There is constant monitoring of accreditations required by manufacturers to sell, implement and support our chosen products and solutions. The group invests in hiring and training technical resources to maintain the required accreditations and all new offerings are subject to a detailed new product introduction procedure that includes all required accreditations.

Failure to meet the service levels we offer our customers: The group ensures that service levels are met and exceeded by employing resources throughout the territories in which its customers operate and continuing to invest in the appropriate systems and applications that aid in supporting clients, including the continued investment in the proprietary monitor toolset.

IT systems and cyber-security: The group relies heavily on information technology and the key systems that support the business. With an increasing amount of the IT infrastructure being deployed in the cloud, the group is more susceptible to a cyber-attack and the risk of suffering financial loss or compromise in the safeguarding of confidential data. Whilst no material attacks have occurring during the period the board is mindful of the potential exposure and to mitigate this risk they have deployed a rigorous ISO 27001 accredited IT control framework.

This includes specific technologies that monitor anything installed on the company hardware, its network and the communication both internally and externally. Dedicated employees monitor systems, and educate and train other staff around the need for security within IT systems.

Financial instruments
The group's finance team, together with the directors are responsible for managing the liquidity associated with the group's activities.

Liquidity risk: The group manages its liquidity requirements order to preserve cash and minimise its interest expense, whilst monitoring the available cash resources to ensure these are sufficient for operating needs of the business.

Credit risk: Customers who wish to trade on credit terms are subject to credit verification procedures, and the resultant trade debtors are managed through rigorous credit control procedures and monitored on an ongoing basis and provision is made for doubtful debts where necessary.

On behalf of the board

....
A J Young
Director

Date: 7/10/21

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

Principal activities

The principal activity of the company is that of a holding company, the principal activity of the group, during the year, was that of the provision of tailored, unified communications and network services solutions including voice and data network implementations, consulting, development and optimisation, application delivery, network management and support.

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid during the current year or prior period. The directors do not recommend payment of a dividend.

Directors

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

N J Boyd	
M Salter	
A Parish	
A J Young	
P J C Francis	
M Thompson	
M P Cross	
A Tupman	(Resigned 14 January 2021)
T J Alldred	

Qualifying third party indemnity provisions

The company and its subsidiaries have made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

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

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group'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, future developments and research and development.

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

PROJECT PHOENIX TOPCO 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 group and company 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 group and the company, and of the profit or loss of the group for that period. In preparing each of the group and company 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 group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 PROJECT PHOENIX TOPCO LIMITED

Opinion

We have audited the financial statements of Project Phoenix Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 group's and of the parent company's affairs as at 30 April 2021 and of the group's 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 group and parent 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 group's or the parent 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 our 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.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 7, 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 group's and the parent 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 group or the parent 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 group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are 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.

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, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The group audit engagement team identified the risk of management override of controls and revenue recognition, specifically in terms of cut-off, as the areas 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, and reviewing a sample of transactions either side of the year end to ensure that revenue had been recognised in the correct accounting period.

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
8.10.21

PROJECT PHOENIX TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2021

	Notes	Year ended 30 April 2021 £000	Period ended 30 April 2020 £000
Turnover	3	43,865	45,418
Cost of sales		(21,122)	(21,895)
Gross profit		22,743	23,523
Depreciation		(338)	(260)
Amortisation		(8,333)	(16,223)
Administrative expenses		(17,343)	(17,707)
Other operating income		15	39
Integration, restructuring and redundancy costs	4	(583)	(1,799)
Transaction costs	4	(18)	(94)
Other non-recurring costs	4	(280)	-
Operating loss	7	(4,137)	(12,521)
Interest receivable and similar income	9	2	3
Interest payable and similar expenses	10	(4,238)	(4,060)
Loss before taxation		(8,373)	(16,578)
Tax on loss	11	88	2,862
Loss for the financial year		(8,285)	(13,716)
Other comprehensive income net of taxation			
Currency translation differences		8	(33)
Total comprehensive income for the year		(8,277)	(13,749)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

PROJECT PHOENIX TOPCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2021

		2021		2020	
	Notes	£000	£000	£000	£000
Fixed assets					
Goodwill	12		31,268		33,302
Other intangible assets	12		2,786		6,673
Total intangible assets			34,054		39,975
Tangible assets	13		1,509		471
			35,563		40,446
Current assets					
Stocks	17	383		213	
Debtors	18	10,136		14,911	
Cash at bank and in hand		6,364		4,385	
		16,883		19,509	
Creditors: amounts falling due within one year	19	(19,397)		(20,825)	
Net current liabilities			(2,514)		(1,316)
Total assets less current liabilities			33,049		39,130
Creditors: amounts falling due after more than one year	20		(53,570)		(50,855)
Provisions for liabilities	23		(512)		(1,031)
Net liabilities			(21,033)		(12,756)
Capital and reserves					
Called up share capital	25		985		993
Capital redemption reserve	26		8		-
Profit and loss reserves	26		(22,026)		(13,749)
Total equity			(21,033)		(12,756)

The financial statements were approved by the board of directors and authorised for issue on 7/10/21 and are signed on its behalf by:

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P J C Francis
Director

PROJECT PHOENIX TOPCO LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Investments	14		-		-
Current assets					
Debtors	18	1,163		1,078	
Creditors: amounts falling due within one year	19	(16)		-	
Net current assets			1,147		1,078
Capital and reserves					
Called up share capital	25		985		993
Capital redemption reserve	26		8		-
Profit and loss reserves	26		154		85
Total equity			1,147		1,078

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group financial statements. The company's profit for the year was £69,000 (2020: £85,000).

The financial statements were approved by the board of directors and authorised for issue on 7/10/21 and are signed on its behalf by:

P J C Francis
Director

PROJECT PHOENIX TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	Share capital £000	Capital redemption reserve £000	Profit and loss reserves £000	Total £000
Period ended 30 April 2020:					
Loss for the period		-	-	(13,716)	(13,716)
Other comprehensive income net of taxation:					
Currency translation differences		-	-	(33)	(33)
Total comprehensive income for the period		-	-	(13,749)	(13,749)
Issue of share capital	25	993	-	-	993
Balance at 30 April 2020		993	-	(13,749)	(12,756)
Period ended 30 April 2021:					
Loss for the period		-	-	(8,285)	(8,285)
Other comprehensive income net of taxation:					
Currency translation differences		-	-	8	8
Total comprehensive income for the period		-	-	(8,277)	(8,277)
Redemption of shares	25	(8)	8	-	-
Balance at 30 April 2021		985	8	(22,026)	(21,033)

PROJECT PHOENIX TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	Share capital £000	Capital redemption reserve £000	Profit and loss reserves £000	Total £000
Period ended 30 April 2020:					
Profit and total comprehensive income for the period		-	-	85	85
Issue of share capital	25	993	-	-	993
Balance at 30 April 2020		993	-	85	1,078
Period ended 30 April 2021:					
Profit and total comprehensive income for the period		-	-	69	69
Redemption of shares	25	(8)	8	-	-
Balance at 30 April 2021		985	8	154	1,147

PROJECT PHOENIX TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Cash flows from operating activities					
Cash generated from operations	27		6,886		5,298
Interest paid			(754)		(1,023)
Income taxes paid			(180)		(290)
Net cash inflow from operating activities			5,952		3,985
Investing activities					
Purchase of business		(1,422)		(22,210)	
Purchase of intangible assets		(617)		(248)	
Purchase of tangible fixed assets		(314)		(133)	
Proceeds on disposal of tangible fixed assets		-		13	
Proceeds from other investments and loans		-		(295)	
Interest received		2		3	
Net cash used in investing activities			(2,351)		(22,870)
Financing activities					
Proceeds from issue of shares		-		993	
Proceeds from borrowings		-		28,940	
Repayment of borrowings		-		(19,423)	
Proceeds of new bank loans		-		18,850	
Repayment of bank loans		(1,630)		(6,071)	
Payment of finance leases obligations		-		(15)	
Net cash (used in)/generated from financing activities			(1,630)		23,274
Net increase in cash and cash equivalents			1,971		4,389
Cash and cash equivalents at beginning of year			4,385		-
Effect of foreign exchange rates			8		(4)
Cash and cash equivalents at end of year			6,364		4,385

1 Accounting policies

Company information

Project Phoenix Topco Limited ("the company") 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 group consists of Project Phoenix Topco Limited and all of its subsidiaries.

The company's and the group'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.

The 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. Project Phoenix Topco Limited is the head of the smallest and largest group of undertakings for which consolidated financial statements are prepared. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- 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.

Basis of consolidation

The consolidated financial statements incorporate those of Project Phoenix Topco Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 April 2021 except Connect Managed Services Inc and Connect Managed Services GMBH, who have a financial year ending 31 December. Where the financial year end differs, interim financial statements prepared to 30 April 2021 have been used to the purpose of the consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Going concern
The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the group will be able to continue in operational existence for the foreseeable future, defined as at least 12 months from the date of signing the Project Phoenix Topco Limited financial statements for the year ended 30 April 2021.

At the balance sheet date, the group has net current liabilities of £2,514,000 (2020: £1,316,000), including £6.4 million of cash and net liabilities of £21,033,000 (2020: £12,756,000). The group reported a loss before taxation for the financial year of £8,373,000 (2020: £16,578,000).

The directors have reviewed the cash flow position of the company and prepared cash flow forecasts for the year ahead which show that the group is expected to have sufficient working capital available to enable it to meet its liabilities as they fall due. The directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

Reporting period
In the comparative period, the company presented its financial statements for the 14 month period ended 30 April 2020 from the date of incorporation on 21 February 2019. The accounting period was extended so as to align all group entities. Therefore, results may not be entirely comparable.

Turnover
Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1 Accounting policies (Continued)

The group recognises four main revenue streams. The revenue recognition policy for these four streams is as follows:

Calls and services
Customers are charged a monthly fee in arrears for network services provided by the group once usage and charges are known.

Hardware
Revenue is recognised when the responsibility for the stewardship of the products has passed to the customer. This will typically be on delivery, as the risks and rewards of ownership transfer to the customer at this point.

Professional Services
Revenue is recognised based on a percentage of completion method. For such contracts, the amount of revenue reflects the right to consideration based on the work performed. Revenue that has not been billed is included within accrued income and payments on account in excess of the amount of revenue recognised are included within deferred income.

Managed services
Customers pay in advance for a contracted period. The revenue is allocated across the period as the services are for an indeterminate number of acts over a specified period of time. If the contract spans the year end deferred revenue is recognised for the proportion of the contract period that occurs post year end.

Research and development expenditure
Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets - goodwill
Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	5 years straight line
Development costs	3 - 4.5 years straight line
Customer relationships	70% reducing balance

1 Accounting policies (Continued)

Tangible fixed assets
Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings and equipment	5 years straight line and 20% reducing balance
Networking and computer equipment	2 - 5 years straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments
In the separate financial statements of the company, 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 group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments
The group 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 group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 trade and other debtors, and cash and bank balances, 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.

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 group after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade and other creditors, and bank loans 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 group 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. 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.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

1 Accounting policies (Continued)

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

Government grants
Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Foreign exchange
Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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

Capitalisation of development costs

Software development costs are capitalised when they meet the criteria as development costs under accounting standards. Factors taken into consideration in reaching such a decision include the technical and commercial feasibility of developing the asset, the intention to complete the asset together with the availability of adequate resources to do so, an assessment of whether the development expenditure can be measured reliably and whether the asset will generate future economic benefit for the group.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed assets - depreciation

Tangible fixed assets are depreciated over their estimated useful lives, with no residual value. The actual lives of the assets are assessed annually and may vary depending on a number of factors, including changes in technological advancement, economic utilisation and future investments and projects. Following their assessment and review in the current year, the directors have determined the tangible fixed assets are not impaired and the existing useful economic lives remain appropriate.

Contingent consideration

The consideration for the acquisition of ICR Speech Solutions & Services Ltd includes £500k of contingent consideration. This consideration is contingent on a number conditions as specified in the share purchase agreement. The directors have determined that these conditions will be met and so have accrued the consideration in full.

Useful economic lives and impairment of goodwill

At year end, the group recognised goodwill with a carrying value of £31,268,000 as detailed in note 12. The annual amortisation charge is based on the expected useful economic life of goodwill, which has been determined by the directors to be 10 years. The useful life of goodwill is estimated based on the expected period in which benefits to the company are expected to be received. Goodwill is also reviewed for impairment on an annual basis. Following their assessment, the directors have determined that goodwill on previous acquisition and goodwill recognised during the year are not impaired.

Revenue recognition

Revenue for open projects is determined with reference to the estimated percentage of completion at the balance sheet date. The percentage of completion is estimated based on the costs incurred to date as a proportion of the total expected costs to complete the project. The expected costs to complete a project requires estimation to forecasts future costs.

2 Judgements and key sources of estimation uncertainty (Continued)

Useful economic lives and impairment of other intangible assets

At year end, the group has intangible assets (excluding goodwill) with a carrying amount of £2,786,000, as detailed in note 12. The annual amortisation charge is sensitive to any changes in the estimated useful life and residual values of intangible assets. The useful economic lives and residual values are assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives or residual life. Criteria used to assess the economic life and residual value includes technological advancement, economic utilisation and future investments. Following their assessment and review in the current year, the directors have determined the intangible assets are not impaired and the existing useful economic lives remain appropriate.

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.

Business combination

During the year and as noted in note 16, the group acquired ICR Speech Solutions & Services Ltd for consideration of £2,417,000. On acquisition, the directors have made critical judgements in determining the allocation of the purchase price for the assets and liabilities acquired and whether any fair value adjustments are required. After detailed consideration, the director determined that no separately identifiable intangible assets were acquired, and no fair value adjustments were required to be made at the acquisition date. As such no adjustments have been recognised.

3 Turnover

	2021	2020
	£000	£000
Turnover analysed by class of business		
Sale of goods	2,390	1,834
Provision of services	41,475	43,584
	43,865	45,418

	2021	2020
	£000	£000
Turnover analysed by geographical market		
United Kingdom	38,420	40,950
Rest of the world	5,445	4,468
	43,865	45,418

4 Exceptional item

	2021 £000	2020 £000
Expenditure		
Integration, restructuring and redundancy costs	583	1,799
Transaction costs	18	94
Other non-recurring costs	280	-
	881	1,893

Transaction costs incurred in the year ended 30 April 2021 related to the acquisition of ICR Speech Solutions and Services Ltd on 24th June 2020. In the prior year transaction costs arose due to the acquisition of Connect Managed Holdings Limited, the parent company of Connect Managed Services (UK) Limited, by Project Phoenix BidCo Limited.

Integration, restructuring and redundancy costs relate to various strategic reorganisation activities undertaken to maximise shareholder value given the growth of the entity and the acquisitions that have taken place.

Other non-recurring costs are largely made up of one-off project work, such as strategic consultancy including productisation enhancements. In addition it includes the rebranding activities undertaken.

5 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Sales	25	22	-	-
Product	63	45	-	-
Operations	126	102	-	-
Corporate	31	26	-	-
Total	245	195	-	-

Their aggregate remuneration comprised:

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Wages and salaries	12,245	10,889	-	-
Social security costs	1,426	1,626	-	-
Pension costs	812	770	-	-
	14,483	13,285	-	-

6 Directors' remuneration

	2021 £000	2020 £000
Remuneration for qualifying services	731	1,051
Company pension contributions to defined contribution schemes	37	39
Compensation for loss of office	104	182
	872	1,272

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £000	2020 £000
Remuneration for qualifying services	184	266
Company pension contributions to defined contribution schemes	1	1

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounts to 4 (2020: 4).

7 Operating loss

	2021 £000	2020 £000
Operating loss for the period is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	14	(60)
Government grants	(15)	(39)
Depreciation of owned tangible fixed assets	338	260
(Profit)/loss on disposal of tangible fixed assets	-	5
Amortisation of intangible assets	8,333	16,223
Stocks impairment losses recognised or reversed	48	40
Operating lease charges	422	514

8 Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	15	7
Audit of the financial statements of the company's subsidiaries	84	83
	99	90

8 Auditor's remuneration (Continued)

For other services		
Taxation compliance services	15	18
Other taxation services	-	2
All other non-audit services	29	26
	44	46

9 Interest receivable and similar income

	2021 £000	2020 £000
Interest income		
Interest on bank deposits	2	3

10 Interest payable and similar expenses

	2021 £000	2020 £000
Interest on bank loans	754	1,023
Interest on loan notes	3,484	3,037
Total finance costs	4,238	4,060

11 Taxation

	2021 £000	2020 £000
Current tax		
UK corporation tax on profits for the current period	390	23
Adjustments in respect of prior periods	41	-
Total UK current tax	431	23
Foreign current tax on profits for the current period	-	51
Total current tax	431	74
Deferred tax		
Origination and reversal of timing differences	(680)	(2,936)
Adjustment in respect of prior periods	161	-
Total deferred tax	(519)	(2,936)
Total tax credit	(88)	(2,862)

11 Taxation (Continued)

The total tax 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	(8,373)	(16,578)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(1,591)	(3,150)
Tax effect of expenses that are not deductible in determining taxable profit	705	204
Change in unrecognised deferred tax assets	(119)	(59)
Adjustments in respect of prior years	41	-
Effect of change in corporation tax rate	-	35
Amortisation on assets not qualifying for tax allowances	715	533
Research and development tax credit	-	(11)
Other permanent differences	-	4
Deferred tax adjustments in respect of prior years	161	-
Other tax adjustments, reliefs and transfers	-	(418)
Taxation credit	(88)	(2,862)

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 liabilities at 30 April 2021 to £674,000.

12 Intangible fixed assets

Group	Goodwill	Software	Development costs	Customer relationships	Total
	£000	£000	£000	£000	£000
Cost					
At 1 May 2020	36,766	21	755	18,656	56,198
Additions - internally developed	-	-	474	-	474
Additions - separately acquired	-	143	-	-	143
Additions - business combinations	1,795	-	-	-	1,795
At 30 April 2021	38,561	164	1,229	18,656	58,610
Amortisation and impairment					
At 1 May 2020	3,464	5	242	12,512	16,223
Amortisation charged for the year	3,829	16	301	4,187	8,333
At 30 April 2021	7,293	21	543	16,699	24,556
Carrying amount					
At 30 April 2021	31,268	143	686	1,957	34,054
At 30 April 2020	33,302	16	513	6,144	39,975

The company had no intangible fixed assets at 30 April 2021 or 30 April 2020.

Development costs relating to the internal software development of our proprietary network and operating systems has been capitalised as these costs will generate future revenues. The asset value is based on the estimated time spent by employees working on the development of the new asset.

The amortisation of the intangible fixed assets is shown separately on the Consolidated Statement of Comprehensive Income.

13 Tangible fixed assets

Group	Fixtures, fittings and equipment	Networking and computer equipment	Motor vehicles	Total
	£000	£000	£000	£000
Cost				
At 1 May 2020	261	450	-	711
Additions	58	1,295	-	1,353
Business combinations	-	3	20	23
At 30 April 2021	319	1,748	20	2,087
Depreciation and impairment				
At 1 May 2020	74	166	-	240
Depreciation charged in the year	112	222	4	338
At 30 April 2021	186	388	4	578
Carrying amount				
At 30 April 2021	133	1,360	16	1,509
At 30 April 2020	187	284	-	471

The company had no tangible fixed assets at 30 April 2021 or 30 April 2020.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Networking and computer equipment	1,039	-	-	-

The depreciation of the tangible fixed assets is shown separately on the Consolidated Statement of Comprehensive Income.

14 Fixed asset investments

		Group		Company	
		2021	2020	2021	2020
		£000	£000	£000	£000
Investments in subsidiaries	15	-	-	-	-

Project Phoenix Topco Limited owns the entire £1 share capital of Project Phoenix Bidco Limited.

15 Subsidiaries

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

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Project Phoenix BidCo Limited	1)	Holding company	Ordinary	100.00	-
Connect Managed Holdings Limited	1)	Holding company	Ordinary	-	100.00
G3 Holdings Limited	1)	Holding company	Ordinary	-	100.00
Conn3ct Limited	1)	Holding company	Preference	-	100.00
G3 Comms Limited	1)	Non-trading company	Ordinary	-	100.00
Connect Managed Services (UK) Limited	1)	Telecommunications	Ordinary	-	100.00
Connect Managed Services Inc	2)	Telecommunications	Ordinary	-	100.00
Connect Managed Services GmBH	3)	Telecommunications	Ordinary	-	100.00
Managed Connect IT Services India Pvt	4)	Telecommunications	Ordinary	-	99.99
ICR Speech Solutions & Services Ltd	5)	Telecommunications	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

1) 8th Floor, City Place House, 55 Basinghall Street, London, England, EC2V 5DU
2) 450 Seventh Avenue, Suite 1402, New York, NY 10123, United States of America
3) Nordenstrasse 62, 60318 Frankfurt am Main, Germany
4) Mfar Greenheart Level 7, Manyata Tech Park, Hebbal Outer Ring, Bangalore, KA 560045, India
5) The Engine House, Ashley Lane, Saltaire, Bradford, West Yorkshire, BD17 7DB

16 Acquisition

On 24 June 2020 the group acquired 100% percent of the issued capital of ICR Speech Solutions & Serivces Ltd for consideration of £2,417,000.

Net assets acquired	Book Value £000	Adjustments £000	Fair Value £000
Property, plant and equipment	23	-	23
Trade and other receivables	465	-	465
Cash and cash equivalents	495	-	495
Trade and other payables	(361)	-	(361)
Total identifiable net assets	622	-	622
Goodwill			1,795
Total consideration			2,417

16 Acquisition (Continued)

The consideration was satisfied by:	£000
Cash	1,830
Contingent consideration	500
Transaction costs	87
	2,417

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£000
Turnover	2,441
Profit after tax	692

17 Stocks

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Finished goods and goods for resale	383	213	-	-

18 Debtors

Amounts falling due within one year:	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Trade debtors	4,525	9,692	-	-
Corporation tax recoverable	-	108	-	-
Amounts owed by group undertakings	-	-	1,163	1,078
Other debtors	448	467	-	-
Prepayments and accrued income	5,163	4,644	-	-
	10,136	14,911	1,163	1,078

19 Creditors: amounts falling due within one year

	Notes	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Bank loans	21	1,790	1,630	-	-
Obligations under finance leases	22	268	-	-	-
Trade creditors		4,798	4,393	-	-
Corporation tax payable		143	-	16	-
Other taxation and social security		1,651	1,922	-	-
Deferred income		7,601	9,251	-	-
Other creditors		287	675	-	-
Accruals		2,859	2,954	-	-
		19,397	20,825	16	-

Included within other creditors is £250,000 (2020: £673,000) related to contingent consideration payable in respect of acquisitions. A further £250,000 (2020: £nil) of contingent consideration has been included in note 20, creditors: amounts falling due after more than one year.

20 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Bank loans	21	15,430	17,220	-	-
Obligations under finance leases	22	771	-	-	-
Other borrowings	21	37,119	33,635	-	-
Other creditors		250	-	-	-
		53,570	50,855	-	-

21 Borrowings

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Bank loans	17,220	18,850	-	-
Other loans	37,119	33,635	-	-
	54,339	52,485	-	-
Payable within one year	1,790	1,630	-	-
Payable after one year	52,549	50,855	-	-

The bank loan of £17,220,000 (2020: £18,850,000) is secured by fixed and floating charges over the property or undertaking of the group. The bank loan is repaid bi-annually and will be repaid in full in March 2024. Interest is charged on the loan at 3.5%.

Other loans of £37,119,000 (2020: £33,635,000) relate to 10% loan notes issued by the ultimate controlling party and by key management personnel of the group, as further described in note 33.

22 Finance lease obligations

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Future minimum lease payments due under finance leases:				
Less than one year	283	-	-	-
Between one and five years	848	-	-	-
	1,131	-	-	-
Less: future finance charges	(92)	-	-	-
	1,039	-	-	-

Finance lease payments represent rentals payable by the group for certain items of computer assets. The lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Deferred taxation

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

Group	Liabilities 2021 £000	Liabilities 2020 £000
Accelerated capital allowances	221	107
Tax losses	(63)	(225)
Short term timing differences	(18)	(18)
Temporary differences on acquired intangibles	372	1,167
	512	1,031

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2021 £000	Company 2021 £000
Liability at 1 May 2020	1,031	-
Credit to profit or loss	(519)	-
Liability at 30 April 2021	512	-

The deferred tax liability set out above is expected to reverse within the foreseeable future. The accelerated capital allowances and the tax losses are expected to mature within the same period.

24 Retirement benefit schemes

Defined contribution schemes	2021 £000	2020 £000
Charge to profit or loss in respect of defined contribution schemes	812	770

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the reporting date, contributions of £93,000 (2020: £96,000) remained outstanding and are included within accruals.

25 Share capital

	Group and company	
	2021	2020
Ordinary share capital	**£000**	**£000**
Issued and fully paid		
647,441 (2020: 627,559) A Ordinary shares of £1 each	648	628
139,816 (2020: 140,218) B Ordinary shares of £1 each	140	140
197,915 (2020: 225,267) C Ordinary shares of £1 each	197	225
	985	993

Each holder of the Ordinary shares has one vote per share save that in the event of a default, on notification to the company from the holders of not less than 50% of the relevant share class, the voting rights of the relevant shares shall be equal to 90% of the total voting rights attached to all shares. Surplus assets on a return of capital are to be distributed amongst all shareholders pro rata. If at the time of such a distribution there are reserved shares not issued, the A and C Ordinary shareholders are entitled to receive such additional sum pro rata and in accordance with the terms of the articles. The holders of Ordinary shares shall not be entitled to receive any dividends until such a time as the loan notes have been redeemed in full. Subject to this, any dividends declared in accordance with the articles shall be distributed amongst the holders of all the shares in the capital of the company pro rata, as if they constituted one class of share. The Ordinary shares are non-redeemable at the option of the shareholder or the company.

On 22 December 2020, the company repurchased and cancelled 253 B Ordinary £1 shares and 2,485 C Ordinary £1 shares.

On 23 December 2020, the company repurchased and cancelled 149 B Ordinary £1 shares and 4,985 £1 C Ordinary shares.

On 24 February 2021, 19,882 C Ordinary £1 shares were re-designated to 19,882 A Ordinary £1 Shares.

26 Reserves

Capital redemption reserve
The nominal value of shares repurchased by the company.

Profit and loss reserves
Cumulative profit and loss net of distributions to owners.

27 Cash generated from group operations

	2021 £000	2020 £000
Loss for the year after tax	(8,285)	(13,716)
Adjustments for:		
Taxation credited	(88)	(2,862)
Finance costs	4,238	4,060
Investment income	(2)	(3)
(Gain)/loss on disposal of tangible fixed assets	-	5
Amortisation and impairment of intangible assets	8,333	16,223
Depreciation and impairment of tangible fixed assets	338	260
Foreign exchange gains on cash equivalents	-	4
Movements in working capital:		
(Increase)/decrease in stocks	(170)	167
Decrease/(increase) in debtors	5,132	(1,012)
Decrease in creditors	(960)	(7,079)
(Decrease)/increase in deferred income	(1,650)	9,251
Cash generated from operations	6,886	5,298

28 Analysis of changes in net debt - group

	1 May 2020 £000	Cash flows £000	New finance leases £000	Exchange rate movements £000	30 April 2021 £000
Cash at bank and in hand	4,385	1,971	-	8	6,364
Borrowings excluding overdrafts	(52,485)	(1,854)	-	-	(54,339)
Obligations under finance leases	-	-	(1,039)	-	(1,039)
	(48,100)	117	(1,039)	8	(49,014)

29 Financial commitments, guarantees and contingent liabilities

A Composite Company Limited Multilateral Guarantee has been given by Project Phoenix TopCo Limited. The guarantee is in respect of Project Phoenix Bidco Limited; Connect Managed Holdings 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.

30 Operating lease commitments

Lessee

At the reporting end date the group and company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Within one year	286	286	-	-
Between one and five years	463	757	-	-
	749	1,043	-	-

31 Events after the reporting date

On 16 June 2021 the group completed the acquisition of Service CX Limited for total consideration of £3,250,000.

On 16 June 2021 the company issued 9,940 C Ordinary £1 shares at par. On the same date, the company repurchased and cancelled 327 B Ordinary £1 shares.

32 Related party transactions

Transactions with related parties
During the year the group entered into the following transactions with related parties:

	Sales		Purchases	
	2021	2020	2021	2020
	£000	£000	£000	£000
Group				
Other related parties	674	1,117	335	209

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021	2020
	£000	£000
Group		
Other related parties	29	-

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2021	2020
	Balance	Balance
	£000	£000
Group		
Other related parties	458	612

Other information
Other related parties are companies in which there are common directors and shareholders with the group.

The group's ultimate controlling party, Apiary Capital Partners I GP LLP, purchased 10% loan notes of £nil (2020: £26,100,000) from the group on which interest of £2,841,000 (2020: £2,426,000) was charged in the period. Apiary Capital Partners I GP LLP purchased additional loan notes from key management personnel for £19,000 (2020: £768,000) and sold loan notes to key management personnel for £nil (2020: £1,874,000).

The group's key management personnel purchased 10% loan notes of £nil (2020: £4,658,000) from the group on which interest of £643,000 (2020: £611,000) was charged in the period. Key management personnel purchased additional loan notes from Apiary Capital Partners I GP LLP for £nil (2020: £1,874,000) and sold loan notes for £19,000 (2020: £768,000). In addition, key management personnel transferred loan notes of £nil (2020: £160,000) to the company in exchange for shares.

33 Directors' transactions

10% loan notes of £nil (2020: £4,270,000) were issued to directors during the year. During the year, the directors purchased additional loan notes of £nil (2020: £1,874,000) from the ultimate controlling party and sold loan notes of £nil (2020: £852,000).

Description	% Rate	Opening balance £000	Interest charged £000	Closing balance £000
Antony Parish	10.00	(1,755)	(182)	(1,937)
Adam Young	10.00	(2,281)	(236)	(2,517)
Peter Francis	10.00	(215)	(22)	(237)
Mark Thompson	10.00	(216)	(22)	(238)
Martin Cross	10.00	(1,176)	(122)	(1,298)
		(5,643)	(584)	(6,227)

At the start of the current year there was £295,000 outstanding on a loan to director A Tupman. During the year A Tupman exited the business and the amount is still outstanding. No interest is charged on the loan to the former director and it is due for repayment in the next financial year.

34 Controlling party

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