

Company Registration No. 09633868

IMImobile South Africa 2 Limited

Annual Report and Financial Statements

For the year ended 31 March 2021

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IMIImobile South Africa 2 Limited

Annual Report and financial statements for the year ended 31 March 2021

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IMImobile South Africa 2 Limited

Annual Report and financial statements for the year ended 31 March 2021

Officers and professional advisers

Directors

Jayesh Patel
Michael Jefferies

Registered Office

c/o IMImobile
5 St. John's Lane
London
EC1M 4BH
United Kingdom

IMImobile South Africa 2 Limited

Annual Report and financial statements for the year ended 31 March 2021

Directors' report

The directors present their annual report and financial statements for the year ended 31 March 2021.

This report has been prepared taking advantage of the small companies exemption in accordance with s414B 'Strategic report: small companies exemption' of the Companies Act 2006.

Following the acquisition of IMImobile Limited (formerly IMImobile PLC) and its subsidiaries by Cisco in February 2021, the ultimate parent company is now Cisco Systems Inc. IMImobile South Africa 2 Limited still sits within the IMImobile Limited group.

Principal activities

The principal activity of the Company is that of a holding company.

Results

The Company's results for the year are set out in the statement of comprehensive income on page 5 showing a loss for the year of ZAR 1,503,961 (2020: ZAR 2,076,285). At 31 March 2021, the Company had net liabilities of ZAR 8,352,237 (2020: ZAR 6,848,276).

Dividends

The Directors are not recommending a final dividend for the year (2020: nil). No interim dividend was paid during the year (2020: nil).

Going concern

The Company acts as a holding company so depends on support from the Group. The ultimate parent undertaking, IMImobile Limited, has confirmed that it will provide financial support to the Company for at least 12 months from the date of these financial statements to enable it to both meet its liabilities as they fall due and to carry on business without a significant curtailment of operations. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. For further details please refer to note 1.

Future developments

The Company is part of a wider group which continues to lead the industry in its product, platform and service offerings enabling its clients to communicate and transact with their customers more effectively on mobile devices. The Group's solutions allow customers to use mobile as a channel to create new revenue streams, as a CRM and customer engagement channel, and as a channel to improve business operations.

In general, COVID-19 has driven an acceleration in the digital communication strategies of large enterprises and, although it has undoubtedly created challenges, it has also demonstrated the mission-critical nature of the interactions we deliver for our customers.

Today, the IMImobile group manages billions of mission-critical interactions and orchestrates some great customer experiences for an incredible blue-chip client list. The sale to Cisco for \$730m reflects both what has been achieved in creating market leading technology and the substantial opportunity going forward.

Principal risks and uncertainties

The Company acts as a holding company so depends on support from the Group. Competitive pressures are a continuing risk to the Group, which could result in losing sales to customers. The business manages this risk by providing innovative, 'best in class' services to its customers. The Group is not reliant on any single customer for the success of the business.

Financial risk management objectives and policies

Policies

The Company's financial instruments comprise cash and cash equivalents and items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations.

The Company's operations expose it to a variety of financial risks including liquidity risk, credit risk, interest rate risk and foreign currency exchange rate risk. It is the objective of the Company to minimise these risks where possible by

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maintaining and operating a robust control environment. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Company currently does not use derivative financial instruments to manage its exposure to these risks.

Liquidity risk

As regards liquidity, the Company's policy has throughout the year been to ensure continuity of funding. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The majority of payables (note 9) are due to be paid after more than twelve months of the balance sheet date.

Credit risk

As the Company acts as a holding company and all material transactions are with fellow group undertakings, management do not consider credit risk to be material when assessing assets, liabilities and financial position.

Interest rate risk

Historically the Company has financed its operations through a mix of equity and debt to help minimise its exposure. The Company minimises its risk to interest fluctuations by negotiating a fixed rate of interest on all external debt. At the balance sheet date the Company held cash and cash equivalents of £nil (2020: £nil) and had no external debt.

Currency risk

The Company's conducts the majority of its transactions in South African Rand, the presentational and functional currency of the Company, so management do not consider currency risk to be material when assessing assets, liabilities and financial position.

Financial assets

The Company has no financial assets, other than short-term receivables and cash and cash equivalents.

Directors

The directors who served during the year and to the date of these financial statements were as follows:

Jayesh (Jay) Patel
Michael (Mike) Jefferies

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework". 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 year.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

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safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



Mike Jefferies
Director
23 December 2021

IMImobile South Africa 2 Limited

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Statement of comprehensive income for the year ended 31 March 2021

	Notes	2021 ZAR	2020 ZAR
Administrative (expense) / income		(2)	3
Operating (loss) / profit	3	(2)	3
Finance expense	6	(1,503,959)	(2,076,288)
Loss before tax		(1,503,961)	(2,076,285)
Tax	7	-	-
Loss after tax for the year and total comprehensive expense		<u>(1,503,961)</u>	<u>(2,076,285)</u>

The results stated above are all derived from continuing operations.

The accompanying notes are an integral part of these financial statements.

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Statement of financial position as at 31 March 2021

	Notes	2021 ZAR	2020 ZAR
Non-current assets			
Investments in subsidiaries	8	14,999,705	14,999,705
		<u>14,999,705</u>	<u>14,999,705</u>
Non-current liabilities			
Trade and other payables	9	(23,351,942)	(21,847,981)
		<u>(23,351,942)</u>	<u>(21,847,981)</u>
Net liabilities		<u>(8,352,237)</u>	<u>(6,848,276)</u>
Equity			
Called-up share capital	10	19	19
Retained deficit	10	(8,352,256)	(6,848,295)
		<u>(8,352,256)</u>	<u>(6,848,295)</u>
Total deficit		<u>(8,352,237)</u>	<u>(6,848,276)</u>

The accompanying notes are an integral part of the financial statements.

For the year ending 31 March 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements of IMImobile South Africa 2 Limited, registered number 09633868, have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and were approved by the Board of Directors and authorised for issue on 23 December 2021.

Signed on behalf of the Board of Directors



Mike Jefferies
Director

IMImobile South Africa 2 Limited

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Statement of changes in equity for the year ended 31 March 2021

	Called-up share capital ZAR	Retained deficit ZAR	Total deficit ZAR
Balance at 1 April 2019	19	(4,772,010)	(4,771,991)
Total comprehensive expense for the year	-	(2,076,285)	(2,076,285)
Balance at 31 March 2020	19	(6,848,295)	(6,848,276)
Total comprehensive expense for the year	-	(1,503,961)	(1,503,961)
Balance at 31 March 2021	19	(8,352,256)	(8,352,237)

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Notes to the financial statements

1. Accounting policies

The Company is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. These financial statements are presented in South African Rand ("ZAR") because that is the currency of the primary activities of the Company. The registered address is shown on page 1 and the principal activity of the business is included in the Directors' report on page 2.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements under section 400 of the Companies Act 2006 since it is included in the group financial statements of IMImobile Limited (formerly IMImobile PLC). The group financial statements of IMImobile Limited are available for public use and can be obtained as set out in note 11.

Basis of accounting/statement of compliance

The Company meets the definition of a qualifying entity under FRS 100 (Financial reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, exemption from disclosing standards not yet effective has been taken.

The Company has also taken advantage of the exemption from the requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of the Group where those party to the transaction are wholly owned by a member of the Group and the requirements of IAS 7 'Statement of cash flows' and IFRS 7 'Financial instruments: disclosure'.

The financial statements have been prepared under the historical cost convention and under the going concern assumption.

The principal accounting policies applied in preparation of the Company Financial Statements are set out below.

Foreign currencies

The Company financial statements are presented in South African Rand ("the presentational currency" and "the functional currency").

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Going concern

At 31 March 2021, the Company had net liabilities of ZAR 8,352,237 (2020: ZAR 6,848,276) and made a loss in the year of ZAR 1,503,961 (2020: ZAR 2,076,285).

The COVID-19 pandemic has had wide ranging impacts on the Global economy and the potential impact on the Company is considered in the Directors' report on page 2.

The directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In coming to this conclusion, the directors have considered the fact that the a parent company, IMImobile Limited (formerly IMImobile PLC), has confirmed that it will support the Company for at least 12 months from the date of these financial statements to meet its obligations as and when they fall due for the foreseeable future.

Interest expense

Interest expenses on fixed rate borrowings are recognised in the income statement in the period in which they are incurred.

Tax

The Company's tax charge is the sum of total current and deferred tax charges.

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Current tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The recognition of deferred tax assets is determined by reference to the Company's estimate of recoverability, using models where appropriate to forecast future taxable profits. Deferred tax assets have only been recognised where the Company considers that it is probable there would be sufficient taxable profits for the future deductions to be utilised. If it is probable that some portion of these assets will not be realised, then no asset is recognised in relation to that portion.

The carrying amount is reviewed at each balance sheet date. If market conditions improve and future results of operations exceed our current expectations, our existing recognised deferred tax assets may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate or future results of operations are less than expected, future assessments may result in a determination that some or all of the deferred tax assets are not realisable. As a result, all or a portion of the deferred tax assets may need to be reversed.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Impairment of assets

Investments in subsidiaries are tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Prior impairments are reviewed for possible reversal at each reporting date.

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Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Classification of financial assets

Cash and cash equivalents and trade and other receivables (excluding prepayments) are initially recognised at fair value and subsequently at amortised cost using the effective interest method less any allowance for expected credit losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future of cash flows of the investment have been impacted.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company, and arises principally from the Company's trade receivables and contract assets. It is the Company's policy to minimise its credit risk exposure. This includes undertaking careful due diligence of new customers and getting full or part payment in advance of providing services where credit risk is considered higher. The Company regularly reviews existing customers on an individual basis for changes in the credit quality of trade receivables and contract assets from the date the receivable was created to the date the balance is settled.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets and amounts due from related parties. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

To measure the expected credit losses, trade receivables and contract assets have been grouped together based on shared credit risk characteristics and the days past due. The Company has deemed that the contract assets balance has substantially the same risk characteristics as trade receivables and has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The ECL is calculated through assessing the probability of the non-payment of the customer, this probability is then multiplied by the amount of the expected loss arising from default to determine the expected credit loss for the trade receivables and contract assets. If a balance is confirmed as not be collectable, the gross carrying value of the asset is written off against the associated provision.

Derecognition of financial assets

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. All cash and cash equivalents are measured at amortised cost. The Company discloses cash on a net basis where it has the right to offset.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Trade and other payables are measured subsequently at amortised cost using the effective interest method.

Interest expenses and exchange rate gains and losses are recognised in profit or loss. Gains or losses in connection with derecognition are also recognised in profit or loss.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Investments in subsidiaries

Judgement is required in determining the provision for impairment in investments in subsidiaries, which involves the use of significant estimates and assumptions, including expectations about future cash flows, discount rates and the lives of assets following purchase.

Key sources of estimation uncertainty

Management do not consider there to be any key sources of estimation uncertainty.

The accounting policies in relation to these items are disclosed in note 1.

3. Operating (loss) / profit

	2021 ZAR	2020 ZAR
Operating (loss) / profit is stated after charging:		
(Loss) / gain on foreign exchange transactions	(2)	3

4. Directors' remuneration

The directors are considered to be the same as the key management personnel in the Company.

The directors of the Company are remunerated through fellow group undertaking, IMImobile Europe Limited, a fellow subsidiary of IMImobile Limited (formerly IMImobile PLC). No remuneration is received specific to the Company and it is not practicable to allocate directors remuneration between services to the group and this company. The financial statements of IMImobile Europe Limited may be obtained by request from IMImobile, 5 St. John's Lane, London, EC1M 4BH.

5. Employee benefits

There were no employees or staff costs borne by the Company in the current and prior year.

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6. Finance expense

	2021 ZAR	2020 ZAR
Interest expense on amounts owed to parent undertakings	1,503,959	2,076,288

7. Tax

	2021 ZAR	2020 ZAR
UK corporation tax		
Current tax expense	-	-
Total tax expense	-	-

Corporation tax is calculated at 19% (2020: 19%) of the estimated taxable profit for the year.

The tax expense for the year can be reconciled to the loss in the income statement as follows:

	2021 ZAR	2020 ZAR
Loss before tax	(1,503,961)	(2,076,285)
Tax at the UK corporation tax rate of 19% (2020: 19%)	(285,753)	(394,494)
Group relief surrendered	285,753	394,494
Total tax expense	-	-

8. Investments in subsidiaries

	Investments ZAR
Cost	
At 31 March 2020	14,999,705
Additions	-
At 31 March 2021	14,999,705
Provision for impairment	
At 31 March 2020	-
Impairment expense	-
At 31 March 2021	-
Net book value	
At 31 March 2021	14,999,705
At 31 March 2020	14,999,705

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The companies in which the Company held an interest at the year end are as follows:

Name of entity	Functional currency	Principal activities	% of share class held as at 31 March:		Share class
			2021	2020	
British Virgin Islands (Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands)					
Lenco International Limited	ZAR	Holding company	20%	20%	Ordinary
Lenco Technology Group Limited [§]	ZAR	Mobile engagement services	20%	20%	Ordinary
South Africa (Clearwater Office Park, Building no3, Corner Christiaan De Wet and Millennium Boulevard, South Africa)					
IMImobile South Africa Pty Limited [§]	ZAR	Mobile engagement services	17%	17%	Ordinary
Ukhozi Digital Pty Limited (acquired during the year) [§]	ZAR	Non-trading	10%	10%	Ordinary

§ investment held through Lenco International Limited

9. Trade and other payables

	2021 ZAR	2020 ZAR
Amounts owed to parent undertakings	23,351,942	21,847,981

Amounts owed to parent undertakings accrued compound interest at a rate of 10% per annum up to the date it was announced that the group was to be acquired by Cisco, and do not have a final repayment date.

10. Called-up share capital

	2021 ZAR	2020 ZAR
Allotted, called up and fully paid ordinary shares:		
1 ordinary share of GBP 1 each	19	19

Retained deficit

Retained deficit represents the cumulative losses of the Company attributable to equity shareholders.

11. Parent undertakings

The Company's immediate parent undertaking is IMImobile African Holdings Limited, a company incorporated in the United Kingdom.

At 31 March 2021, IMImobile Limited (formerly IMImobile PLC) is the parent undertaking of the smallest group to consolidate these financial statements. These consolidated financial statements may be obtained by request from IMImobile, 5 St. John's Lane, London, EC1M 4BH, the registered address of IMImobile Limited.

The ultimate parent undertaking and largest group to consolidate these financial statements is Cisco Systems Inc. These financial statements are available from <https://investor.cisco.com>

The address of Cisco Systems Inc is 170 West Tasman Drive, San Jose, California, 95134-1706, USA.