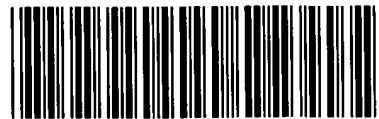


Company Registration No. 03246779 (England and Wales)

**MYCOM (UK) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2020**

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# MYCOM (UK) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M M Ladki A Coll M Stevens
<b>Company secretary</b>	S McClelland
<b>Company number</b>	03246779
<b>Registered office</b>	6th Floor 2 Kingdom Street London W2 6BD
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU

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# MYCOM (UK) LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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### Introduction

Mycom (UK) Limited is part of the Mycom OSI group. Mycom OSI was formed in 2014 by combining two leading Telecom Industry Service Assurance software providers – MYCOM and OSI. The heritage of MYCOM (Est. 1997) is in Network Performance Management, and OSI (Est. 1989) in Fault Management, with both offering Service Management capabilities. In 2018 the Mycom OSI group was purchased by the Magnate group. Today the group's portfolio of applications are cloud native, integrated and provide real time assurance powered by automation, analytics and artificial intelligence / machine learning.

With this powerful suite of applications, the group continues to grow its portfolio of tier 1 Communications Service Providers ("CSPs"), including some of the world's largest, and as such Mycom OSI technology helps manage the experience of 2bn+ tier 1 CSPs customers globally.

Mycom OSI is headquartered in London, UK with 250+ staff in offices worldwide serving customers in all continents.

### Strategy, objectives and business model

Our strategy is to be the number one specialist assurance software provider in the global telecoms market.

We regularly review the group's strategy to ensure it reflects the opportunities we see in the markets which Mycom (UK) Limited operates in. With our focus on the opportunity pipeline and continued investment in our operational team, we continue to see good opportunities for growing our order book.

The creation of a single global delivery team has involved significant organisational change during 2020. This increased our efficiency and crucially supported the continual improvement of delivery of services to our customers, and this focus will continue into the coming financial year.

Following the reorganisation, the business is in an improved position to target future growth opportunities across wider markets, including where customers are looking for more end to end services in the mobile technology and service assurance markets.

We continue to strengthen our brand and account relationships at all levels, including tier 1 mobile telecommunication suppliers, 5G network providers and the supply chain partners delivering to these customers.

At the heart of our business model is a set of key strengths, which enable us to compete effectively in a highly competitive market. Our competitive advantages derive from our focus on continually pushing forwards our leading assurance software, our agile ability to be highly responsive to our customers' needs, our people and values, and our focus on delivering the best for our customers.

Our focus on excellent service comes with a passion for improvement. We are always looking to do better, to be more productive and to find new ways to help our customers.

We build long term and mutually beneficial relationships with our customers. The closer we are, the better we understand their goals and challenges. Customers frequently expand their contracts, as we respond to this understanding by developing our products to meet these challenges.

# MYCOM (UK) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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#### **Core values**

Mycom is a values led business and could not succeed without the skill and dedication of our workforce. They embody our culture and values and ensure that we deliver the excellent service on which our success depends.

As a values led organisation, corporate responsibility is a consistent theme running through our strategy. Acting responsibly enables us to be a better, more efficient business and a good corporate citizen that benefits society in numerous ways.

Our approach to responsible business influences everything from the countries that we choose to operate in, to the way we manage and develop our people. It helps us to deliver excellent service by ensuring we keep our people safe and secure, improves our efficiency by encouraging us to reduce our energy and resource use, which at the same time mitigates our environmental impact.

We responded rapidly to the Covid-19 pandemic, putting in place strategies that have enabled our workforce to adopt working from home before the introduction of Government guidance.

We have technically able and dedicated employees and without these teams the successful delivery of our suite of products would not be possible. The directors would therefore like to thank our teams for their continued support.

#### **Business review**

The results for the company are set out on page 8. Revenue for the year decreased by 19% primarily due to the closure of several large professional service projects.

Revenue from subscription and support services is forecast to grow as we continue to convert existing on-premise customers to our cloud offering, upsell new product offerings as well as acquiring new customers. Our professional services revenue is expected to increase as we continue to invest in our delivery team and to respond to customer requests for additional support.

The company incurred an operating loss of £6.6m, this was after a £3m impairment charge and a £4.3m decline in gross profit due to the decreased revenue. The directors believe that the company will grow all revenue streams and generate profit as it further strengthens its position in the cloud technology market.

#### **Financial key performance indicators (KPI's)**

The main financial KPIs used by the company are the revenue generated and operating profit, as these are used to ensure the company can continue operations in the future.

- Revenue for the year decreased by 19% to £23,466,831 (2019: £29,123,329).
- The operating loss for the year increased to £6,597,244 (2019: £430,924).

The directors consider the key performance indicator of the Company to be to the degree to which it is able to profitably grow the business in service assurance to a growing worldwide customer base and therefore both turnover growth and operating profit are under constant review. It must also ensure that it successfully manages any exposure to the market such as currency fluctuations.

The prominent balance sheet accounts for the year ended March 2020 are:

- Debtors of £9,879,827 (2019: £9,837,245) – Year on Year balances remain at a similar level
- Accruals and deferred income £12,599,350 (2019: £5,561,009) – The increase is due to our customers paying on a mixture of annual payment plans and full contract value upon signature.

#### **Future developments**

We delivered the first public cloud assurance implementation and continue to work with existing and potential customers to bring the benefits of this approach.

The progress of the 5G era continues to drive up customer operating expenditure and capital expenditure due to its complexity increasing the customer need for assurance automation from our artificial intelligence and machine learning solutions.

# MYCOM (UK) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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#### Future developments (continued)

2020 saw the Company break into a new geographical market by securing a full SaaS Assurance Cloud™ deal with Singtel. We were selected to support Singtel's newly established Service Operations Centre and are a key enabler of their strategic move into differentiated service quality and customer experience in the highly competitive Singapore market.

The first phase will see the Assurance Cloud™ supporting the 5G network, both Non-Standalone and the advanced Standalone variation. Subsequent phases will see us expanding into pre-5G mobile technologies and VAS and fixed network domains.

We will be working with Singtel at its Innovation Labs, with a truly collaborative approach to maximizing value across the Singapore business.

#### Principle risks and uncertainties

##### *Currency risk*

The company's transactions are primarily carried out in British Pounds and US Dollars. The company is able to net the USD amounts with other subsidiaries in the Group where sufficient cash balances are maintained so that transactional risk across the group is considered manageable

##### *Liquidity risk*

The group produces frequent forward cash flow forecasts, that are reviewed at the group board meeting, to ensure that revenue receipts and cash payments are appropriately managed for each of the trading companies. Sufficient resources are maintained to meet the group's cash requirements for the foreseeable future.

##### *Credit risk*

As with any other business, the company is exposed to credit risk through potential bad debts and disputes with customers that could result in non-payment of amounts due under contracts.

The company's customers are large tier 1 CSPs and as such are financially stable. The company's processes are to regularly monitor customer delivery and ensure that customer invoicing only occurs in accordance with the customer contract. Likewise, the company's payment terms to suppliers are materially once services or goods have been received.

#### Business disruption: Covid-19

The Covid-19 pandemic did not have any consequence on the year to 31 March 2020 because the first practical effects started only from April onwards.

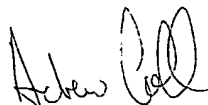
In 2020/21, whilst the telecoms market has remained relatively robust so far through the pandemic, we have seen a general tightening of the market with decisions taking longer due to the market uncertainty. Staff have switched from office work to remote working during most of the period. Funding of innovation has come under greater scrutiny to ensure an appropriate return on investment, whilst given the economic outlook cost controls and cash management have required an even greater focus.

On behalf of the board

.....  
Date:

A Coll

Director



29th October 2021

# MYCOM (UK) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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The directors present their annual report and financial statements for the year ended 31 March 2020.

#### Principal activities

The principal activity of the company continued to be that of the provision of computer and telecommunications consultancy services. The company is continuing its marketing efforts in line with previous years to capture a larger market share in Europe and Asia and the directors consider that an increasing rate of growth in the future will be achievable.

#### Directors

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

M M Ladki

P Taaghoh (Resigned 28 February 2020)

O Clark (Appointed 24 July 2020 and resigned 11 December 2020)

A Coll (Appointed 11 December 2020)

M Stevens (Appointed 11 December 2020)

#### Results and dividends

The results for the year are set out on page 8. No ordinary dividends were paid (2019: £nil). The directors do not recommend payment of a final dividend.

#### Qualifying third party indemnity provisions

Magnate Topco Limited, the ultimate parent company, has made qualifying third party indemnity provisions for the benefit of the directors of all entities within its group, including MyCom (UK) Limited, during the period. These provisions remain in force at the reporting date.

#### Going concern

A detailed assessment of on-going cash flow requirements has been made by the directors, and they have assessed the cash flow needs over the next 12 months, based on a number of potential strategic scenarios. The group continues to deliver strong revenue performance and underlying cash flow generation, the company cash position at last month end remains positive. Over the next 12 months, the group expects to maintain and grow existing customer contracts and win new opportunities with major tier 1 CSPs.

The directors do not foresee any issues arising from the Covid-19 pandemic and there have been no material impacts to revenue, profit or operational performance. The directors are continually reviewing their plans and forecasts, including modelling potential scenarios resulting from the impact of Covid-19. Based on these projections and having considered the effects of Covid-19, and the potential impact it may cause on the ability of the company to continue as a going concern, the directors consider the company will have sufficient cash resources for a period of at least twelve months from the date of approval of these financial statements and have considered that continuing going concern is an appropriate basis of preparation in these financial statements.

#### Auditor

RSM UK Audit LLP were appointed as auditor to the group during the period. It is the intention that RSM UK Audit LLP will be deemed to be reappointed under section 487(2) of the Companies Act 2006 for future reporting periods.

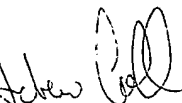
#### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors 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 Coll

Director



29 October 2021

# **MYCOM (UK) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 Reduced Disclosure Framework ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MYCOM (UK) LIMITED

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### Opinion

We have audited the financial statements of MYCOM UK Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101: Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practices).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MYCOM (UK) LIMITED

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Mellor (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Davidson House  
Forbury Square  
Reading  
Berkshire  
RG1 3EU

29 October 2021

**MYCOM (UK) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
<b>Turnover</b>	<b>3</b>	23,466,831	29,123,329
Cost of sales		<u>(19,776,629)</u>	<u>(21,083,298)</u>
<b>Gross profit</b>		3,690,202	8,040,031
Administrative expenses		<u>(10,287,446)</u>	<u>(8,470,955)</u>
<b>Operating loss</b>	<b>5</b>	(6,597,244)	(430,924)
Comprising operating loss from:			
Underlying operating loss		(3,582,672)	(430,924)
Exceptional items	<b>9</b>	<u>(3,014,572)</u>	<u>-</u>
		(6,597,244)	(430,924)
Interest receivable and similar income	<b>8</b>	-	172
Interest payable and similar charges	<b>10</b>	<u>(32,090)</u>	<u>(45,029)</u>
<b>Loss before taxation</b>		(6,629,334)	(475,781)
Taxation	<b>11</b>	<u>1,041,818</u>	<u>7,099</u>
<b>Loss for financial year</b>		<u>(5,587,516)</u>	<u>(468,682)</u>

**MYCOM (UK) LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Property, plant and equipment	12		313,921		455,882
<b>Current assets</b>					
Debtors	13				
- due within one year		9,879,827		9,837,245	
- due after one year		-		332,102	
Cash at bank and in hand		449,200		732,286	
		10,329,027		10,901,633	
Deferred tax	16	998,617		-	
<b>Creditors: amounts falling due within one year</b>	14	(14,088,217)		7,984,777	
<b>Net current (liabilities)/assets</b>			(2,760,573)		2,916,856
<b>Total assets less current liabilities</b>			(2,446,652)		3,372,738
<b>Creditors: amounts falling due after one year</b>	15		(57,639)		(277,044)
<b>Provision for liabilities: deferred tax</b>	16		-		(12,469)
<b>Net (liabilities)/assets</b>			(2,504,291)		3,083,225
<b>Capital and reserves</b>					
Called up share capital	18		435,110		435,110
Profit and loss reserves	19		(2,939,401)		2,648,115
<b>Total equity</b>			(2,504,291)		3,083,225

The financial statements on pages 8 to 32 were approved by the board of directors and authorised for issue on 29th October 2021 and are signed on its behalf by:

  
 .....  
 A Coll  
 Director

**MYCOM (UK) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 April 2018 (as previously reported):</b>	435,110	3,116,796	3,551,906
Effect of transition to FRS 101	-	-	-
<b>Balance at 1 April 2018 (as restated)</b>	435,110	3,116,796	3,551,906
<b>Year ended 31 March 2019 (as restated):</b>			
Effect of transition to FRS 101		(363,016)	(363,016)
Loss and total comprehensive income for the year	-	(105,665)	(105,665)
<b>Balance at 31 March 2019 (as restated)</b>	435,110	2,648,115	3,083,225
<b>Year ended 31 March 2020:</b>			
Loss and total comprehensive income for the year	-	(5,587,516)	(5,587,516)
<b>Balance at 31 March 2020</b>	<u>435,110</u>	<u>(2,939,401)</u>	<u>(2,504,291)</u>

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

---

#### 1 Accounting policies

##### Company information

MYCOM (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6<sup>th</sup> Floor, 2 Kingdom Street, London.

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

##### Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

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.

The financial statements have been prepared under the historical cost convention.

In preparing these financial statements, the company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

This is the first year the company has applied FRS 101. An explanation of how the transition to FRS 101 has affected the financial position and financial performance of the company is provided in note 22.

##### Reduced disclosures

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the group accounts of the ultimate parent company, in accordance with FRS 101:

- Presentation of a Statement of Cash Flows and related notes; [FRS 101.8(h), FRS 101.8(g), IAS 1.10(d), 38A&111]
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date; [FRS 101.8(i), IAS 8.30&31]
- Financial instrument disclosures, including:-
  - Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
  - Income, expenses, gains and losses on financial instruments;
  - Information about financial instruments measured at fair value through profit or loss, including the impact of credit risk, and about compound financial instruments;
  - Information about financial instruments that have been reclassified, derecognised, transferred or offset;
  - Details of credit losses, collateral, loan defaults or breaches;
- Revenue disclosures, including:-
  - Disaggregated and total revenue from contracts with customers; [FRS 101.8(eA), IFRS 15.113(a), 114 & 115]
  - Explanation of significant changes in contract assets and liabilities; [FRS 101.8(eA), IFRS 15.118]
  - Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred; [FRS 101.8(eA), IFRS 15.119(a)to(c)]
  - Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised; [FRS 101.8(eA), IFRS 15.120-122]
  - Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract; [FRS 101.8(eA), IFRS 15.123, 125 & 127(a)]
- Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract; [FRS 101.8(eA), IFRS 15.124, 126 & 127(b)]

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

---

#### 1 Accounting policies (Continued)

- Financial instrument disclosures, including:-
  - Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
  - Income, expenses, gains and losses on financial instruments;
  - Information about financial instruments measured at fair value through profit or loss, including the impact of credit risk, and about compound financial instruments;
  - Information about financial instruments that have been reclassified, derecognised, transferred or offset;
  - Details of credit losses, collateral, loan defaults or breaches;
  - Details of hedging relationships and the effect of hedge accounting on profit or loss, other comprehensive income and equity;
  - Information about investments in equity instruments designated at fair value through OCI;
  - Effects of initial application of IFRS 9;
- For financial instruments, investment property and biological assets measured at fair value:-
- Valuation techniques (including inputs used to measure fair value, sensitivity of fair values to unobservable inputs and the impact of credit risk on the fair value), classification within the fair value hierarchy (Levels 1, 2 & 3) and changes thereto, and a description of the valuation process (if Level 3);
- Level 3 fair value gains/losses relating to assets held at the year-end;
- If highest and best use of a non-current asset differs from its current use ;
  - [Exemptions are available from all of the IFRS 13 disclosures provided equivalent disclosures are included in the consolidated financial statements. These exemptions apply to any item measured at FV that is within the scope of IFRS 13.] [FRS 101.8(e), IFRS 13.91-99];
- Valuation technique(s) and assumptions used to measure recoverable amounts for impairment tests in respect of:-
  - assets or CGUs for which impairment losses are recognised or reversed in the period where recoverable amount is based on fair value less costs of disposal; [FRS 101.8(l), IAS 36.130(f)(ii)(iii)]
  - a CGU or group of CGUs containing significant goodwill or intangible assets with indefinite useful lives; [FRS 101.8(l), IAS 36.134 (d)-(f), IAS 36.135 (c)-(e)]
- Presentation of a third statement of financial position when items are adjusted retrospectively or reclassified and the impact is material; [FRS 101.8(g), IAS 1.10(f)&40A-40D]
- Comparative narrative information that continues to be relevant to the current period; [FRS 101.8(g), IAS 1.38B]
- Comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, intangible assets, investment property and biological assets; [FRS 101.8(f), IAS 1.79(a)(iv), IAS 16.73(e), IAS 38.118(e), IAS 40.76 & 79(d), IAS 41.50 ]
- Disclosure of key management personnel compensation, and amounts incurred for the provision of key management personnel services by a separate management entity; [FRS 101.8(j), IAS 24.17&18A]
- Related party disclosures for transactions with the parent or wholly owned members of the group; and [This statement could be applicable to a parent or wholly owned subsidiary adopting FRS 101 as the exemption applies where any subsidiary which is party to the transaction is wholly owned.] [FRS 101.8(k)]
- Disclosure of the objectives, policies and processes for managing capital; [FRS 101.8(g), IAS 1.134-136]

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

The financial statements of Mycom (UK) Limited are consolidated into the financial statements of Magnate Midco Limited which is the parent of the largest group which produces consolidated financial statements. The financial statements of Magnate Midco Limited are publicly available and can be obtained from Companies House, or the company's registered office: 6th Floor, 2 Kingdom Street, London.

#### Going concern

A detailed assessment of the on-going cash flow requirements has been made by the directors, and they have assessed the cash flow needs over the next 12 months, based on a number of potential strategic scenarios. The company continues to deliver strong revenue performance and underlying cash flow generation, the company cash position at last month end remains positive. Over the next 12 months, the group expects to maintain and grow existing customer contracts and win new opportunities with major tier 1 CSPs.

The directors do not foresee any issues arising from the Covid-19 pandemic and there have been no material impacts to revenue, profit or operational performance.

The directors are continually reviewing their plans and forecasts, including modelling potential scenarios resulting from the impact of Covid-19. Based on these projections and having considered the effects of Covid-19, and the potential impact it may cause on the ability of the company to continue as a going concern, the directors consider the company will have sufficient cash resources for a period of at least twelve months from the date of approval of these financial statements and have considered that continuing going concern is an appropriate basis of preparation in these financial statements.

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

##### Turnover

##### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the entity is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

##### *Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

##### Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	Over 5 years – straight line method
Fixtures & furniture	Over 3 years – straight line method
Computer equipment	Over 3 years – straight line method

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

##### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

##### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### **Impairment of fixed assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amounts of the Company's tangible fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on the time value of money. Risks specific to the assets are included in the determination of cash flows.

Assets that have suffered an impairment are tested for possible reversal of the impairment at each reporting date if indications exist that impairment losses recognised in prior periods no longer exist or have decreased.

##### **Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

##### **Trade, group and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies (Continued)

#### ***Impairment of financial assets***

The company recognises an allowance for Expected Credit Losses, or an ECL, for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

#### **Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### ***Trade, group and other payables***

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

#### ***Interest-bearing loans and borrowings***

All loans and borrowings are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

#### **Equity instruments**

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

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

##### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

##### **Retirement benefits**

For defined contribution schemes the amount charged to the statement of comprehensive income 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.

##### **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 the 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.

##### **Leases – the company as lessee**

On commencement of a contract (or part of a contract) which gives the company the right to use an asset for a period of time in exchange for consideration, the group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

Where the lease term is twelve months or less or the leased asset has a value of £5,000 or less, and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

The company has not made use of the practical expedient on transition to FRS 101 such that where the lease term ends before 31 March 2019, the company has applied the short-term leases policy above.

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

##### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 2 Judgements and key sources of estimation uncertainty

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

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

#### Critical accounting judgements

##### *Revenue*

The company's contracts with customers may include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

For arrangements with multiple performance obligations, the group allocates the contract transaction price, including discounts, to each performance obligation based on its relative standalone selling price. Judgment is required to determine the standalone selling price for each distinct performance obligation.

The company determines standalone selling prices based on prices charged to customers in observable transactions and uses a range of amounts to estimate standalone selling prices for each performance obligation. The company maximises the use of observable inputs by maintaining pricing analysis that includes the company's pricing policies, historical standalone sales when they exist, and historical renewal prices charged to customers. It was concluded that the standalone selling prices of certain performance obligations, specifically the standalone selling prices for software licenses and SaaS arrangements, are highly variable. In these instances, the company estimates the standalone selling prices using the residual approach, determined based on total transaction price minus the standalone selling price of other performance obligations promised in the contract.

##### *Impairment reviews*

In recognising provisions, the company evaluates the extent to which it is possible that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgement used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on a combination of factors, including the company's historical loss experience and any anticipated effects related to current economic conditions, as well as management knowledge of the current composition of accounts receivable. Accounts receivable that management believes to be ultimately not collectible are written off upon such determination. The company defines default of customer receivable balance as any amounts outside of its contractual repayment terms.

**MYCOM (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**2 Judgements and key sources of estimation uncertainty (continued)**

**Critical accounting judgements (continued)**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 13 for the net carrying amount of the receivables.

*Lease accounting – determining the lease term*

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease. In making this judgement, the company evaluates whether it is reasonably certain to exercise the option to renew or break the lease term.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal and the circumstances and facts for each lease including past experience to determine the likely lease term and whether the break option is likely to be exercised. This includes an assessment on the length of time remaining before the option is exercisable, current trading conditions and future trading forecasts on the ongoing profitability of the business.

After the lease commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (for example, a change in business strategy).

As at 31 March 2020, it has been assumed that the lease for leasehold premises will be until the end of the break clause.

**Estimation uncertainty**

*Lease accounting – determination of the appropriate rate to discount the lease payments*

The company uses the wider groups incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date since the rate implicit in the lease cannot be readily determined. The calculation of the incremental borrowing rate involves estimation and is based on the average interest rate of all wider group debt outstanding at the time the lease began.

**3 Turnover**

An analysis of the company's turnover by class is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Licenses	2,834,673	4,139,573
Software as a Services ("SaaS")	3,711,998	4,954,452
Professional services	892,122	3,307,781
Post contractual services	3,461,294	3,384,839
Intercompany revenue	12,566,744	13,336,684
	<u>23,466,831</u>	<u>29,123,329</u>

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

#### 3 Turnover (continued)

##### Geographic information

	2020	2019
	£	£
United Kingdom	6,852,265	7,618,293
Rest of Europe	690,900	1,473,796
Rest of the world	15,923,666	20,031,240
	<u>23,466,831</u>	<u>29,123,329</u>

#### 4 Contract balances

	Contract Assets 2020	Contract Assets 2019	Contract Liabilities 2020	Contract Liabilities 2019
	£	£	£	£
<b>Balance as at 1 April</b>	<b>4,350,452</b>	<b>3,931,825</b>	<b>(4,392,089)</b>	<b>(4,244,982)</b>
Revenue recognised in the period that was included in the opening contract	-	-	2,727,331	5,852,515
Additions	1,598,478	2,087,271	(8,840,523)	(5,999,621)
Impairment of contract assets	(3,014,572)	-	-	-
Contract assets reclassified as a receivable	(2,720,028)	(1,668,644)	-	-
<b>Balance as at 31 March</b>	<b>214,330</b>	<b>4,350,452</b>	<b>(10,505,280)</b>	<b>(4,392,089)</b>

The timing difference between recognition and payment could result in the recognition of contract assets or liabilities.

Contract assets occur when revenue recognised is in excess of the amount billed by the group and the right to payment is subject to conditions other than the passage of time, such as the completion of a related performance obligation. For time-based license sales, revenues may be recognised in advance of payment.

The directors assesses whether contract assets are impaired based on a combination of factors, including anticipated effects related to current economic conditions, as well as management knowledge of the current composition of unbilled receivables. See note 9 for details of impairment charges.

Contract liabilities consist of billings and payments received in advance of revenue recognition, such as maintenance support agreements, payments for services received in advance, as well as annual billed services. Amounts received in advance are deferred and recognised rateably over the period of delivered services.

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

#### 5 Operating loss

	2020	2019
	£	£
Operating loss for the year is stated after charging:		
Foreign exchange (gains)/losses	(564,092)	(172,428)
Impairment loss on contract assets	3,014,572	-
Fees payable to the company's auditor and its associates:		
For the audit of the company's financial statements	25,000	25,923
Tax advisory services	5,500	3,600
All other non-audit services	3,000	-
Depreciation:		
Right-of-use assets	143,981	143,981
Other assets	90,225	73,574
Total depreciation charge on leased assets	143,981	143,981

#### 6 Employees

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

	2020	2019
	Number	Number
Development, consultancy, maintenance, and support	24	23
Sales and marketing	14	15
Administration	10	8
	<u>48</u>	<u>46</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	5,193,726	7,233,763
Social security costs	501,382	801,937
Pension costs	251,478	192,129
	<u>5,946,586</u>	<u>8,227,829</u>

#### 7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	782,795	3,682,188
Pension costs	27,680	12,000
	<u>810,475</u>	<u>3,694,188</u>

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 7 Directors' remuneration (continued)

	2020 Number	2019 Number
Number of directors accruing under a defined contribution pension scheme	1	1
Number of directors accruing under a defined benefit pension scheme	<u>1</u>	<u>1</u>

The highest paid director received remuneration of £486,326 (2019: £1,933,337). Of the total director remuneration of £782,795, £296,469 was paid by another group company.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,340 (2019: £12,000).

#### 8 Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	-	172
	<u>-</u>	<u>172</u>

#### 9 Impairment losses on financial instruments

	2020 £	2019 £
Impairment losses on financial assets measured at amortised cost:		
Contract assets	3,014,572	-
Impairment losses included in administrative expenses	<u>3,014,572</u>	<u>-</u>

#### 10 Interest payable and similar charges

	2020 £	2019 £
Interest expense on lease liabilities	29,502	45,028
Other interest payable	2,588	-
	<u>32,090</u>	<u>45,028</u>

**MYCOM (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**11 Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>The tax charge represents:</b>		
UK corporation tax on profits of the period at 19% (2019: 19%)	-	-
(Over)/under provision of prior year tax	(30,732)	-
Total corporation tax	<u>(30,732)</u>	<u>-</u>
Adjustments in respect of prior periods	(12,469)	-
Origination and reversal of temporary differences	(998,617)	(7,099)
Total deferred tax	(1,011,086)	(7,099)
Total taxation charge/(credit)	<u>(1,041,818)</u>	<u>(7,099)</u>

The charge for the year can be reconciled to the loss per the income statement as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Profit/(Loss) before taxation	<u>(6,629,334)</u>	<u>(112,764)</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	<u>(1,259,573)</u>	<u>(21,425)</u>
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	161,585	3,874
Unrecognised deferred tax asset on loss carryover	-	10,452
Capital allowances	(18,313)	-
Adjustments to tax charge in respect of prior periods	(68,973)	-
Group relief surrendered	186,657	-
Movement on deferred tax	(5,370)	-
Corporation tax from prior years	<u>(37,831)</u>	<u>-</u>
Tax expense for the year	<u>(1,041,818)</u>	<u>(7,099)</u>

**Factors that may affect future tax charges**

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2021. In March 2020 the Chancellor announced that tax rate would remain at 19%. In March 2021 the Chancellor announced that the corporation tax rate would increase from 19% to 25% from 1 April 2023, however as these rates were not substantively enacted at the reporting date, they have not been used to measure deferred tax.

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

#### 12 Tangible fixed assets

	Leasehold improvements	Leasehold land and buildings	Fixtures & furniture	Computer equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2018 – as previously reported	220,093	-	46,241	206,989	473,323
Additions – Right of use asset	-	467,939	-	-	467,939
At 1 April 2018 (as restated)	220,093	467,939	46,241	206,989	941,262
Additions	-	-	-	18,372	18,372
At 31 March 2019	220,093	467,939	46,241	225,361	959,634
Additions	-	-	-	92,244	92,244
At 31 March 2020	220,093	467,939	46,241	317,605	1,051,878
<b>Depreciation and impairment</b>					
At 1 April 2018	77,530	-	14,222	194,445	286,197
Depreciation charged in the year for 2019	52,706	143,981	9,159	11,709	217,555
Depreciation charged in the year for 2020	52,706	143,981	9,144	28,375	234,206
At 31 March 2020	182,942	287,962	32,525	234,529	737,958
<b>Carrying amount</b>					
At 31 March 2020	37,151	179,977	13,716	83,077	313,921
At 31 March 2019	89,857	323,958	22,860	19,207	455,882

Property plant and equipment includes right-of-use assets, as follows:

	2020	2019
	£	£
<b>Net book value</b>		
Leasehold land and buildings	179,977	323,958
<b>Depreciation charge for the year</b>		
Leasehold land and buildings	143,981	143,981

Lease liabilities totalling £277,044 (2019: £479,634) are included within creditors in notes 14 and 15 and the related interest charges are shown in note 10. The company had one short term, low value lease agreement expensed through the profit or loss totalling £1,694 (2019: £1,794).

**MYCOM (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**13 Debtors**

**Amounts falling due within one year:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,779,737	5,065,811
Amounts due from group undertakings	7,145,212	-
Other debtors	97,432	106,389
Prepayments and accrued income	778,216	4,665,045
Corporation tax recoverable	79,230	-
	<u>9,879,827</u>	<u>9,837,245</u>

**Amounts falling due after more than one year:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	-	332,102
	<u>-</u>	<u>332,102</u>

**14 Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	794,863	916,667
Amounts due to group undertakings	-	883,017
Other taxation and social security	474,599	404,666
Other creditors	-	16,828
Lease liabilities	219,405	202,590
Accruals and deferred income	12,599,350	5,561,009
	<u>14,088,217</u>	<u>7,984,777</u>

**15 Creditors: amounts falling due in more than one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Lease liabilities	57,639	277,044
	<u>57,639</u>	<u>277,044</u>

**MYCOM (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**16 Deferred taxation**

	2020 £	2019 £
At beginning of year	(12,469)	(19,568)
Charged to profit or loss	1,011,086	7,099
At end of year	<u>998,617</u>	<u>(12,469)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	-	(15,700)
Accrued pension liabilities	-	3,231
Losses	998,617	-
	<u>998,617</u>	<u>(12,469)</u>

The directors expect £998,617 deferred tax will unwind in the next 3 years (2019: £12,469).

**17 Retirement benefit**

The company operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to statement of comprehensive income in respect of defined contribution schemes was £251,478 (2019: £192,129). At the year end, included in accruals and deferred income, was £13,112 (2019: £14,323) payable in respect of defined contribution schemes.

**18 Share capital**

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Authorised</b>		
500,000 (2019: 500,000) Ordinary shares of £1.00 each	<u>500,000</u>	<u>500,000</u>
<b>Allowed, called up and fully paid</b>		
435,110 (2019: 435,110) Ordinary shares of £1.00 each	<u>435,110</u>	<u>435,110</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

**19 Reserves**

**Profit and loss account**  
Cumulative profit and loss net of distributions to owners.

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

#### 20 Leases

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £	2019 £
Current liabilities	219,405	202,590
Non-current liabilities	57,639	277,044

	2020 £	2019 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	29,502	45,028

The company entered into a lease for leasehold premises on 26 July 2016 for a 10 year term with a termination break clause on the fifth anniversary of the lease commencement. Subsequent to the year end, the company terminated the lease on the fifth anniversary on 26 July 2021.

Subsequent to the year end, the company entered into a new lease for leasehold premises on 27 May 2021, with lease commencement on 1 August 2021 for a 12 month period.

#### *Maturity analysis of lease liabilities*

The maturity of the gross contractual undiscounted cash flows due to the company's lease liabilities is set out below based on the period between 31 March and the contractual maturity date.

	0 – 1 year	1 to 5 years	Over 5 years	Total At 31 March 2020
	£	£	£	£
Leasehold land and buildings	206,718	57,256	-	263,974
Interest allocated to future periods	12,687	383	-	13,070
	<u>219,405</u>	<u>57,639</u>	<u>-</u>	<u>277,044</u>

The fair value of company's lease obligations is approximately equal to their carrying amount.

The total cash outflow was £232,092 on the right of use assets.

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 21 Controlling party

The immediate parent company is Objective Systems Integrators Inc, a company incorporated in the United States of America. The registered office of Objective Systems Integrators Inc is: 2365 Iron Point Road, Suite 170, Folsom CA 95630, USA.

The directors consider that the ultimate parent company is Magnate Topco Limited, a company incorporated in Jersey. The registered office of Magnate Topco Limited is: 26 New Street, St Helier, Jersey, JE2 3RA.

The directors consider that the ultimate controlling party is Inflexion Private Equity Partners LLP by virtue of their majority interest in Magnate Topco Limited.

Magnate Holding Corp is the parent of the smallest group which produces consolidated financial statements including the financial position and performance of Mycom (UK) Limited. The financial statements of Magnate Holding Corp are not publicly available.

Magnate Midco Limited is the parent of the largest group which produces consolidated financial statements including the financial position and performance of Mycom (UK) Limited. The financial statements of Magnate Midco Limited are publicly available and can be obtained from Companies House, or the company's registered office: 6th Floor, 2 Kingdom Street, London, W2 6BD.

**MYCOM (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**22 Transition adjustments**

**Reconciliation of equity**

	<b>1 April 2018 £</b>	<b>31 March 2019 £</b>
Equity as previously reported	3,551,906	3,446,241
Adjustments arising from transition:		
Reversal of operating lease expense	-	142,466
Depreciation of right-of-use assets	-	(143,981)
Interest expense on lease liabilities	-	(45,028)
Adoption of IFRS 15	-	(316,473)
Equity as restated	<u>3,551,906</u>	<u>3,083,225</u>

**Reconciliation of loss for the financial period**

	<b>2019 £</b>
Loss as previously reported	105,665
Adjustments arising from transition:	
Reversal of operating lease expense	(142,466)
Depreciation of right-of-use assets	143,981
Interest expense on lease liabilities	45,028
Adoption of IFRS 15	316,473
Loss as restated	<u>468,681</u>

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

#### 22 Transition adjustments (Continued)

##### Reconciliation of equity

	At 1 April 2018			At 31 March 2019		
	Previously reported £	Effect of transition £	As restated £	Previously reported £	Effect of transition £	As restated £
<b>Fixed assets</b>						
Property, plant and equipment	187,126	467,939	655,065	131,924	323,958	455,882
	<u>187,126</u>	<u>467,939</u>	<u>655,065</u>	<u>131,924</u>	<u>323,958</u>	<u>455,882</u>
<b>Current assets</b>						
Debtors: amounts falling due after more than one year	664,203	-	664,203	332,102	-	332,102
Debtors: amounts falling due within one year	11,283,305	-	11,283,305	9,837,246	-	9,837,246
Cash and cash equivalents	743,239	-	743,239	732,286	-	732,286
	<u>12,690,747</u>	<u>-</u>	<u>12,690,747</u>	<u>10,901,634</u>	<u>-</u>	<u>10,901,634</u>
<b>Current liabilities</b>						
Lease liabilities	-	(187,064)	(187,064)	-	(202,590)	(202,590)
Taxation	(82,738)	-	(82,738)	-	-	-
Trade and other payables	(3,556,436)	-	(3,556,436)	(2,221,179)	-	(2,221,179)
Accruals and deferred income	(5,667,225)	198,759	(5,468,466)	(5,353,669)	(207,340)	(5,561,009)
	<u>(9,306,399)</u>	<u>11,695</u>	<u>(9,294,704)</u>	<u>(7,574,848)</u>	<u>(409,930)</u>	<u>(7,984,778)</u>
Net current assets	<u>3,384,348</u>	<u>11,695</u>	<u>3,396,043</u>	<u>3,326,786</u>	<u>(409,930)</u>	<u>2,916,856</u>
Total assets less current liabilities	<u>3,571,474</u>	<u>479,634</u>	<u>4,051,108</u>	<u>3,458,710</u>	<u>(85,972)</u>	<u>3,372,738</u>
<b>Non-current liabilities</b>						
Lease liabilities	-	(479,634)	(479,634)	-	(277,044)	(277,044)
<b>Provisions for liabilities</b>						
Deferred tax liability	(19,568)	-	(19,568)	(12,469)	-	(12,469)
	<u>(19,568)</u>	<u>(479,634)</u>	<u>(499,202)</u>	<u>(12,469)</u>	<u>(277,044)</u>	<u>(289,513)</u>
Net assets	<u>3,551,906</u>	<u>-</u>	<u>3,551,906</u>	<u>3,446,241</u>	<u>(363,016)</u>	<u>3,083,225</u>

# MYCOM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 22 Transition adjustments (Continued)

	At 1 April 2018			At 31 March 2019		
	Previously reported	Effect of transition	As restated	Previously reported	Effect of transition	As restated
	£	£	£	£	£	£
<b>Equity</b>						
Share capital	435,110	-	435,110	435,110	-	435,110
Profit and loss	3,116,796	-	3,116,796	3,011,131	(363,016)	2,648,115
	<u>3,551,906</u>	<u>-</u>	<u>3,551,906</u>	<u>3,446,241</u>	<u>(363,016)</u>	<u>3,083,225</u>

#### Notes to reconciliations

##### IFRS 16

Upon transition to FRS 101, the company adopted IFRS 16 Leases. As a result the prior year has been restated to replace the recognition of operating leases as an expense over the length of the lease under FRS 102, with recognition of right-of-use assets and lease liabilities under IFRS 16.

The expense on operating leases recognised in the financial statements for the period ended 31 March 2019 of £232,092 has been reversed. Right-of-use assets for leasehold land and buildings of £467,939 has been recognised at 31 March 2019 and depreciation of £143,981 is charged on the right-of-use assets to administrative expenses during the period ended 31 March 2019. A lease liability of £479,634 is recognised at 31 March 2019 and interest of £45,028 is charged as a finance cost during the period ended 31 March 2019.

The incremental borrowing rate applied to lease liabilities at 31 March 2019 was 8%.

##### IFRS 15

Upon transition to FRS 101, the company adopted IFRS 15 Revenue from Contracts with Customers. As a result the prior year has been restated to reduce the profit and loss reserves for the period ended 31 March 2019 by £316,473.