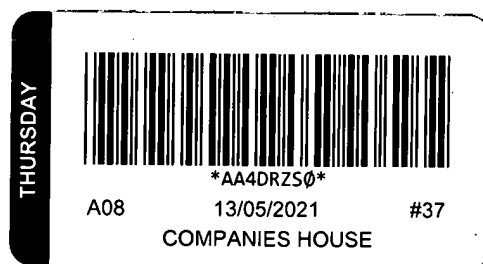


Registration number: 04145329

Daisy Communications Ltd.

Annual Report and Financial Statements

for the year ended 31 March 2020



Daisy Communications Ltd.

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Daisy Communications Ltd.

Directors and advisors

Directors D R McGinn
 S N Morten

Registered office Lindred House
 20 Lindred Road
 Brierfield
 Nelson
 BB9 5SR

Bankers Bank of Scotland
 19/21 Spring Gardens
 Manchester
 M2 1FB

Independent auditors PricewaterhouseCoopers LLP
 Chartered Accountants and Statutory Auditors
 1 Hardman Square
 Manchester
 M3 3EB

Daisy Communications Ltd.

Strategic report for the year ended 31 March 2020

The directors present their strategic report on Daisy Communications Ltd. ("the Company") for the year ended 31 March 2020.

Principal activity

The principal activity of the Company is the provision of telecommunications services to business customers within the United Kingdom.

Business review

At 31 March 2020, the Company had net assets of £95.8 million (2019: £89.1 million).

The Company declared an operating profit of £3.1 million (2019: £6.6 million) after net exceptional administrative expenses of £2.7 million (2019: £3.2 million), amortisation of intangible assets of £19.6 million (2019: £19.6 million) and depreciation of £3.6 million (2019: £3.7 million).

On 1 February 2020 the Company assigned at book value a number of customer contracts to Daisy Corporate Services Trading Limited, a fellow group company. Within the year to 31 March 2020 this led to a reduction in turnover and adjusted EBITDA in the Company of £5.8m and £2.6m respectively, as a result of this transfer.

Key performance indicators (KPIs)

The KPIs for the Company are set out below:

	Year ended 31 March 2020	Year ended 31 March 2019
Turnover (£'000)	189,049	195,134
Operating profit (£'000)	3,107	6,576
Adjusted EBITDA* (£'000)	28,991	33,168

* Adjusted EBITDA is operating profit before depreciation, amortisation and net exceptional administrative expenses, which the directors consider the most appropriate measure of the Company's results that they use to make decisions about the business. The reconciliation of Adjusted EBITDA to operating profit can be found on the face of the income statement set out on page 13.

The Company has performed in line with expectations for the year. For a full analysis on the movement in KPIs refer to Daisy Group Holdings Limited's consolidated financial statements.

Future developments

The Company is focused on improving operational efficiency and cross-selling additional products and services to its customer base, following the significant acquisition activity that has taken place over the last three years.

Daisy Communications Ltd.

Strategic report for the year ended 31 March 2020 (continued)

Principal risks and uncertainties

The directors regularly assess the key business risks of the Company, which are considered to be:

Increased competition

The already competitive telecommunications and IT market could become even more competitive and the Company could suffer increased competition from large national competitors or indeed smaller organisations operating at a local level. The Company mitigates this risk by focusing on providing the highest possible level of customer service whilst offering customers a broad range of competitively-priced products. Furthermore, the Company closely monitors the activity of competitors and the wider market to ensure that it is positioned appropriately with its product and service portfolio.

Technological change

The market for the Company's services is characterised by technological developments and changes, frequent introductions of new products and services and evolving industry standards. There is a risk that the Company may fail to secure the necessary contracts to supply its customers with the latest technology. The Company mitigates this risk by maintaining close relationships with suppliers, which it believes will keep it at the forefront of product development on a sustained basis, and regularly monitors trends in technological advancement so as to anticipate and plan for future changes.

Key resources

The Company is managed by certain key personnel, including executive directors and senior management who have significant experience within the Company and the wider IT communications sectors and who may be difficult to replace. Furthermore, the Company depends on being able to recruit and retain employees of an appropriate calibre to win and service significant contracts. The Company has sought to mitigate this resource risk by investing in staff training programmes, competitive reward and compensation packages, management incentive schemes and succession planning.

Regulatory change

The Company recognises that the pricing of products and services and the activities of major industry organisations may be affected by the actions of regulatory bodies in the UK and the EU. Such actions could affect the Company's profitability either directly or indirectly. The Company mitigates this risk by constantly monitoring and assessing the likelihood and potential impact of regulatory change.

Data protection and back-up

The Company holds a significant volume of confidential data. Failure to comply with data privacy regulations and standards or weakness in internet security may result in a major data privacy breach causing reputational damage to the Company's brands and financial loss. Breach of IT security may cause data to be lost, corrupted or accessed by unauthorised users, impacting the Company's reputation. This could give rise to legal or regulatory penalties as well as commercial costs. The Company has processes and procedures in place to monitor effectiveness of customer back-up and is continually upgrading security equipment and software and making improvements to physical security processes. Penetration testing is performed on a regular basis to test the security of the sites and data. Thorough investigations are carried out of any incidents arising and corrective action is taken.

Brexit

Management continues to closely monitor developments in relation to Brexit and the potential consequential political and economic uncertainties in order to mitigate any risks to the business.

Covid-19

The directors have also considered the ongoing Covid-19 global pandemic and the potential impact that this may have on the Company. Based on the nature of the Company's operations and the minimal impact to date that the pandemic has had on these operations, the directors do not believe that it represents a significant risk to the Company.

Daisy Communications Ltd.

Strategic report for the year ended 31 March 2020 (continued)

Section 172 Statement

Under section 172 of the Companies Act 2006, the directors have a duty to promote the success of the Company for the benefit of its members as a whole. This includes having due regard to the broad range of stakeholders of the Company, such as its workforce, customers, suppliers, shareholders and its impact on the wider community and environment.

The Company's Board is made up of its Chief Executive Officer and Chief Financial Officer, who together are responsible for setting the strategy of and managing the Company, subject to certain approvals required from the Board of Daisy Group Holdings Limited ('the Daisy Group'), its ultimate parent company. This gives the Board the freedom to be entrepreneurial and competitive in the way they run and grow the business for long-term success.

The Company engages with its shareholder on a regular basis through the presentation of monthly financial information. Customer feedback is sought regularly and regular review meetings are held with the main suppliers to the Company, using tools such as the balanced scorecard to identify any potential expectation gaps in services provided. Similarly, quarterly review meetings are held with many of the main suppliers to the Company, using tools such as the balanced scorecard to identify any potential expectation gaps in services provided. Value-adding initiatives are also provided for customers, such as webinars and training days.

Engagement with the wider community is led by the Board with many interactions with local schools, initiatives and charities during the year. Employee surveys are issued at least annually and the results discussed with representative employee engagement groups. Further opportunities for employees to engage with senior management on issues affecting them are given through regular employee forums and employee roadshows. Following employee concerns over the level of plastic cup wastage, free reusable drinks bottles were provided for all employees. Other employee feedback received during the year has given rise to refurbishments of office space and the Nelson canteen, together with the provision of designated recycling bins in the offices.

The key decisions taken by the Board in the year have been ongoing changes to the recharges structure of the wider Daisy Group affecting the Company. Its employees' employment contracts have now been aligned with the Company, while contracts with customers and suppliers have been reviewed to ensure these are in the name of the appropriate entity or that formal service level agreements are in place for any pass through transactions with other entities in the wider Daisy Group.

Approved by the board on 11 May 2021 and signed on its behalf by:

S. N. Morten

.....
S N Morten
Director

Daisy Communications Ltd.

Directors' report for the year ended 31 March 2020

The directors present their annual report and the audited financial statements for the Company for the year ended 31 March 2020. Details of future developments and going concern can be found in the strategic report and form part of this report by cross reference, as permitted by section 414C(11) of the Companies Act 2006.

Financial risk management

The Company's operations expose it to a limited number of financial risks, namely credit risk and liquidity risk. The Company's ultimate parent company arranges and manages external debt funding.

Credit risk

Appropriate credit checks are undertaken on all potential customers before new contracts are accepted. Individual exposures are monitored with customers to ensure the Company's exposure to bad debts is minimised.

Credit risk associated with cash balances and funding to obtain leased vehicles is managed by transacting with financial institutions with high quality credit ratings. Accordingly, the Company's associated credit risk is deemed to be limited. All associated financial institutions utilised by the Company require the advance approval of the board.

Liquidity risk

The Company regularly forecasts cash flow to ensure that sufficient cash is available from trading for future expenses and capital expenditure.

Policy on payment to suppliers

The Company's supplier payment policy is to agree terms and conditions for business transactions with suppliers. Suppliers are made aware of the Company's terms of payment. Payment is then made subject to these terms and conditions being met.

Dividends

The directors do not recommend the payment of a dividend (2019: £nil).

Future developments

Details of future developments can be found in the strategic report and form part of this report by cross-reference.

Directors

The directors who were in office during the year and up to the date of signing the financial statements are given below:

D R McGinn

S N Morten

Going concern

Under Company law, the directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Company is a going concern. The Company is generating a profit and is in a net current asset and net asset position. The directors have reviewed both a base case growth model and reasonably possibly downside case (with no growth from FY20) of the division's forecasts and projections, which include the forecast of the Company, for at least the next 12 months. Having reviewed these forecasts, the directors believe that the Company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements, and therefore the going concern basis continues to be adopted in preparing the financial statements (see note 1).

Daisy Communications Ltd.

Directors' report for the year ended 31 March 2020 (continued)

Directors' and officers' liability insurance and indemnity

The Group has indemnity insurance in place on behalf of its directors during the year which remains in force at the date of this report. The articles of association of certain associated companies also contain indemnification provisions in favour of Group directors to the extent permitted by law. In addition, Daisy Holdings Limited, an associated company, has previously made qualifying third-party indemnity provisions for the benefit of certain directors of the Company which remained in place throughout the year and continue to be in force at the date of this report.

Employment of disabled persons

Both employment policy and practice in the Company are based on non-discrimination and equal opportunities. The Company remains supportive of the employment and advancement of disabled people and provides appropriate opportunities for their training, career development and promotion. Applications for employment by disabled persons are always fully considered. Where employees have become disabled in the service of the Company, every effort is made to rehabilitate them in their former occupation or in some suitable alternative.

Employee participation

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial performance of their business units and of the Company as a whole. The directors are committed to maintaining and developing communication and consultation processes with employees, who in turn are encouraged to develop an awareness of the issues affecting the Company. The Company aims to be an employer of choice and seeks to maintain strong employee relations in all areas in which the Company operates. The directors place considerable emphasis on employees sharing in the success of the Company.

Engagement with employees and other business relationships

Details of the Company's engagement with its employees, customers and suppliers are given in the Section 172 statement in the strategic report.

Political and charitable donations

The Company made charitable donations during the year of £nil (2019: £nil). No political donations were made during the year (2019: £nil).

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the directors are aware, there is no relevant information of which the Company's auditors are unaware; and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Daisy Communications Ltd.

Directors' report for the year ended 31 March 2020 (continued)

Independent auditors

PricewaterhouseCoopers LLP were re-appointed as the Company's auditors on 30 August 2019. A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors will be proposed at the next directors' meeting.

Approved by the board on 11 May 2021 and signed on its behalf by:

S. N. Morten

.....
S N Morten
Director

Daisy Communications Ltd.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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.

Approved by the board on 11 May 2021 and signed on its behalf by:

S. N. Morten

.....
S N Morten
Director

Daisy Communications Ltd.

Independent auditors' report to the members of Daisy Communications Ltd.

Report on the audit of the financial statements

Opinion

In our opinion, Daisy Communications Ltd.'s financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Daisy Communications Ltd.

Independent auditors' report to the members of Daisy Communications Ltd. (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Daisy Communications Ltd.

Independent auditors' report to the members of Daisy Communications Ltd. (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



.....
Michael Timar (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
United Kingdom

11 May 2021

Daisy Communications Ltd.

Income statement for the year ended 31 March 2020

	Note	Year ended 31 March 2020 £ 000	Year ended 31 March 2019 £ 000
Turnover	3	189,049	195,134
Cost of sales		<u>(105,308)</u>	<u>(107,328)</u>
Gross profit		83,741	87,806
Administrative expenses		<u>(80,634)</u>	<u>(81,230)</u>
Operating profit	5	<u>3,107</u>	<u>6,576</u>
<hr/>			
Adjusted EBITDA*		28,991	33,168
Depreciation	12	(3,574)	(3,743)
Amortisation	11	(19,571)	(19,645)
Net exceptional administrative expenses	4	<u>(2,739)</u>	<u>(3,204)</u>
Operating profit	5	<u>3,107</u>	<u>6,576</u>
Income from shares in group undertakings	6	3,265	-
Interest payable and similar expenses	9	<u>(109)</u>	<u>(6,099)</u>
Profit before tax		6,263	477
Tax on profit	10	<u>297</u>	<u>(577)</u>
Profit/(loss) for the financial year		<u>6,560</u>	<u>(100)</u>

All results in the current and prior year derive from continuing activities.

The Company has recognised no other comprehensive income and expenses, in the current or prior year, other than those shown above in the income statement and therefore no separate statement of comprehensive income has been prepared.

*- operating profit before depreciation, amortisation and net exceptional administrative expenses.

Daisy Communications Ltd.

Balance sheet as at 31 March 2020

	Note	31 March 2020 £ 000	31 March 2019 £ 000
Fixed assets			
Intangible assets	11	12,657	26,398
Tangible assets	12	5,310	6,992
Investments	13	15,719	17,049
		<u>33,686</u>	<u>50,439</u>
Current assets			
Stocks	14	438	499
Debtors	15	120,516	166,816
Cash at bank and in hand		9,695	6,054
		<u>130,649</u>	<u>173,369</u>
Creditors: amounts falling due within one year	16	<u>(65,434)</u>	<u>(127,867)</u>
Net current assets		<u>65,215</u>	<u>45,502</u>
Total assets less current liabilities		98,901	95,941
Creditors: amounts falling due after more than one year	17	(1,879)	(5,211)
Provisions for liabilities	18	<u>(1,218)</u>	<u>(1,627)</u>
Net assets		<u>95,804</u>	<u>89,103</u>
Capital and reserves			
Called up share capital	19	-	-
Share premium account		17	17
Capital redemption reserve		511	511
Profit and loss account		95,276	88,575
Total shareholders' funds		<u>95,804</u>	<u>89,103</u>

The financial statements on pages 13 to 35 were approved and authorised by the Board of Directors on 11 May 2021 and signed on its behalf by:

S. N. Morten

.....
S N Morten
Director

Company registration number: 04145329

Daisy Communications Ltd.**Statement of changes in equity for the year ended 31 March 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 April 2018	-	17	511	(12,998)	(12,470)
Loss for the year	-	-	-	(100)	(100)
Capital contribution *	-	-	-	101,673	101,673
At 31 March 2019	<u>-</u>	<u>17</u>	<u>511</u>	<u>88,575</u>	<u>89,103</u>

* On 28 February 2019, Daisy Holdings Limited waived its intercompany loan due from the Company of £169.0 million. On the same date, the Company waived its intercompany receivables of £50.7 million due from Daisy Telecoms Limited and £11.6 million due from Spiritel Limited. On 29 March 2019, the Company also waived £5.0 million of its intercompany receivable from Daisy Corporate Services Trading Limited. The net credit of £101.7 million was recognised as a capital contribution in retained earnings.

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 April 2019	-	17	511	88,575	89,103
Profit for the year	-	-	-	6,560	6,560
Capital contribution*	-	-	-	141	141
At 31 March 2020	<u>-</u>	<u>17</u>	<u>511</u>	<u>95,276</u>	<u>95,804</u>

* On 30 January 2020, Fleur Telecom Limited waived its intercompany loan due from the Company of £141,000. The credit has been recognised as a capital contribution in profit and loss account.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020

1 Accounting policies

Basis of preparation

The Company is a private limited company limited by shares and is incorporated and domiciled in the UK and registered in England and Wales. The address of its registered office is Lindred House, 20 Lindred Road, Brierfield, Nelson, BB9 5SR.

These financial statements are prepared on the going concern basis, under historical cost convention and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The principal accounting policies, which have been applied consistently throughout the current and prior year, are set out below.

The functional currency of the Company is considered to be pounds sterling because that is the operational currency of the primary economic environment in which the Company operates.

In all cases references to adjusted EBITDA relate to the operating profit from continuing operations before depreciation, amortisation and net exceptional administrative expenses.

The Company has taken advantage of the exemption (Companies Act 2006 s401) not to prepare group financial statements on the basis that the Company is included within the consolidated group financial statements of Daisy Group Holdings Limited which are publically available.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken exemptions available to it in the preparation of its financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, intra-group transactions, financial instrument disclosures and remuneration of key management personnel.

Going concern

Under Company law, the directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Company is a going concern. The Company is generating a profit and is in a net current asset and net asset position. The directors have reviewed both a base case growth model and reasonably possibly downside case (with no growth from FY20) of the division's forecasts and projections, which include the forecast of the Company, for at least the next 12 months. Having reviewed these forecasts, the directors believe that the Company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements, and therefore the going concern basis continues to be adopted in preparing the financial statements.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. Turnover is measured at fair value of the consideration received, excluding discounts, rebates, VAT and other sales duty.

Where goods and or services are sold in one bundled transaction, the Company allocates the total arrangement's consideration to the different individual elements based on their relative fair values. Management determines the fair values of individual components based on actual amounts charged by the Company on a stand-alone basis, or alternatively based on comparable pricing arrangements observable in the market.

Service income is recognised at fair value, evenly over the period to which the service relates. Usage charges are recognised in the period when the service is received by the customer.

The Company provides certain maintenance services. Fees charged to customers for the provision of maintenance and support services are recognised at fair value, on a straight-line basis over the period of the related agreement.

Commissions are received from mobile network operators when the Company connects or retains end users to their network. The commissions are recognised as income by the Company over the period of service required by the commission agreement. In particular, when the Company assesses that there is an on-going obligation beyond connection, commission is recognised evenly over the period of the obligation.

In some instances commission income is subject to adjustment by the mobile network operator. Where this is the case the Company assesses the likelihood of adjustment by reference to historical experience and adjusts commission income accordingly.

To the extent that invoices are raised in a different pattern to the turnover recognition described above, appropriate adjustments are made through deferred and accrued income to account for turnover when the underlying service has been performed or goods have transferred to the customer.

Goodwill

Purchased goodwill arising on the acquisition of the trade and assets of a business is capitalised. Goodwill is determined from the excess of the fair value of the consideration given over the fair value of the separable net assets acquired. It is amortised by equal annual instalments over its estimated useful life, which is over a period of between 3 and 9 years.

The Company evaluates the carrying value of goodwill when there is an indication of impairment. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the income statement.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Other intangible fixed assets

Customer bases

Acquired customer bases are capitalised at their fair value and are amortised over their useful economic life, which is between 3 and 9 years.

Included within customer bases are subscriber acquisition costs where they meet the criteria for capitalisation as an intangible asset, to the extent that they are supported by expected future cash inflows. These comprise the direct third-party costs of recruiting and retaining customers, net of incentives from network operators and provision for in-contract churn. They are amortised on a straight line basis over the shorter of the customer life and the contractual period.

Licences

Licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised in the income statement using the straight-line method over 2 to 3 years.

Computer software

Costs that are directly associated with development of identifiable and unique software products generated for use by the Company, and that will generate economic benefits exceeding costs beyond one year are recognised as intangible assets. They are amortised over their useful economic life, which is between 2 and 3 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	shorter of unexpired portion of lease or 10 years
Network equipment and infrastructure	2 to 10 years
Fixtures, fittings and equipment	3 to 5 years
Computer equipment	2 to 4 years
Motor vehicles	3 to 5 years

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Fixed asset investments

Investments in subsidiary undertakings and joint ventures held as fixed assets are stated at cost less provision for any impairment. In the opinion of the directors the value of such investments is not less than shown at the balance sheet date. Impairments to investments are charged to exceptional administrative expenses in the income statement. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Impairment of assets

Assets are tested for impairment annually and whenever there is an indication that an asset may be impaired.

An impairment loss is recognised in the income statement if the recoverable amount (being the higher of fair value less costs to sell and value in use) of an asset or cash generating unit falls below its carrying value in the balance sheet.

Such impairment losses may be reversed in subsequent periods if there is an indication that the impairment loss recognised in prior periods may no longer exist or may have decreased.

Leases

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis and includes transport and handling costs. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Interest payable and similar charges

Interest payable and similar charges are deducted from the carrying value of debt and are recognised in the income statement over the life of the loan.

Pension costs

The Company operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time, value for money and the risks specific to the liability.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Exceptional items

Items that are material and non-operating or non-recurring in nature and these are presented as exceptional items in the income statement, within the relevant account heading. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance.

Holiday pay

Paid holidays are regarded as an employee benefit and, as such, are charged to the income statement as the benefits are earned. An accrual is made at the balance sheet date to reflect the fair value of holidays earned but not yet taken.

2 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management continually evaluates the estimates, assumptions and judgements based on available information and experience. The critical judgements, apart from those involving estimation and assumptions (which are dealt with separately below) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements in applying the Company's accounting policies

Exceptional items

The Company applies judgement in assessing the substance of transactions to identify those that are material individually or in aggregate and non-operating or non-recurring in nature and these are presented as exceptional items in the income statement, within the relevant account heading. Items that may give rise to classification as exceptional items include, but are not limited to, significant restructuring and rationalisation programmes, asset impairments, negative goodwill, transaction fees and re-measurement of contingent consideration. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

Revenue recognition and presentation of arrangements with multiple deliverables

In revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate components of revenue and the arrangement consideration is allocated to each component based on its relative fair value.

Determining the fair value of each deliverable can require complex estimates due to the nature of the goods and services provided. The Company generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a standalone basis or based on comparable pricing arrangements observable in the market.

Valuation of intangible assets

Acquisitions may result in customer relationships, supplier relationships, licences and computer software being recognised. These are valued using discounted cash flow methods which require the application of certain key judgements and estimates are required to be made in respect of discount rates, customer churn and future cash flows.

Receivables

Debts are recognised to the extent that they are judged to be recoverable. Management reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices and finance lease receivables to appropriately reflect any uncertainty as to ultimate collection.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment as at the transition date and thereafter for all non-financial assets at each reporting date. If any indications of impairment exist the recoverable amount is estimated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3 Turnover

The Company's activities consist of telecommunications services to business customers within the United Kingdom. The Company had a single class of business and consequently does not present a segmental analysis.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

4 Net exceptional administrative expenses

	Year ended 31 March 2020	Year ended 31 March 2019
	£ 000	£ 000
Employee-related restructuring costs	44	697
Other reorganisation and restructuring costs	1,271	1,690
Costs directly associated with acquisitions	-	32
Vacant property costs	94	785
Write-off of fixed asset investments	1,330	-
	<u>2,739</u>	<u>3,204</u>

The employee-related restructuring costs principally relate to redundancy costs.

The other reorganisation and restructuring costs relate to empty space in properties and other integration associated costs.

Costs directly relating to acquisitions in the prior year primarily comprise the fees associated with acquisition of DV02 Limited, SCT Investments Limited ('SCT') and BES Telecoms Limited ('BES').

Vacant property costs relate to the rates for parts of properties which have now become vacant following a restructure.

The investment in DV02 Limited was written off during the year as the company was struck off.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

5 Operating profit

Operating profit is stated after charging:

		Year ended 31 March 2020 £ 000	Year ended 31 March 2019 £ 000
Depreciation of tangible fixed assets			
- owned assets	12	3,574	3,743
Operating lease rentals			
- motor vehicles		351	379
- land and buildings		3,084	3,053
Fees payable to the Company's auditors for the audit of the Company's financial statements		113	112
Amortisation of intangible fixed assets	11	19,571	19,645
Stock recognised as an expense in cost of sales		<u>6,412</u>	<u>8,825</u>

There were no non-audit fees paid in the year (2019: £nil).

6 Income from shares in group undertakings

	Year ended 31 March 2020 £ 000	Year ended 31 March 2019 £ 000
Dividend received from subsidiaries	<u>3,265</u>	<u>-</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 March 2020 £ 000	Year ended 31 March 2019 £ 000
Wages and salaries	332	-
Contributions paid to money purchase schemes	<u>44</u>	<u>-</u>
	<u>376</u>	<u>-</u>

Emoluments of the highest paid director were £252,000 (2019: £nil) which includes a contribution of £22,000 (2019: £nil) to a defined contribution pension scheme.

Contributions paid to money purchase schemes are accruing for two directors (2019: nil) under a defined contribution pension scheme.

Remuneration received by the directors in the prior year was borne by fellow group companies. The Company received a charge of £600,000 in respect of directors' remuneration from fellow group companies in the prior year.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

8 Employee information

The average number of persons employed by the Company (excluding directors) during the year, analysed by category was as follows:

	Year ended 31 March 2020 Number	Year ended 31 March 2019 Number
Sales	186	215
Administration and operations	309	1,015
	<u>495</u>	<u>1,230</u>

The aggregate payroll costs were as follows:

	Note	Year ended 31 March 2020 £ 000	Year ended 31 March 2019 £ 000
Wages and salaries		15,098	42,492
Social security costs		1,568	4,811
Other pension costs	22	352	2,483
		<u>17,018</u>	<u>49,786</u>

Included within staff costs are costs capitalised of £nil recognised in intangible assets (2019: £0.8 million).

The reduction in employee numbers from the prior year is due to an exercise to realign employment contracts across the wider Daisy Group with the divisions employees work in. Employees of the Company whose costs were previously recharged to other parts of the Daisy Group have therefore had their employment contracts reassigned to those respective parts of the Daisy Group.

9 Interest payable and similar expenses

	Year ended 31 March 2020 £ 000	Year ended 31 March 2019 £ 000
Intercompany loan interest	-	6,031
Other interest	109	68
	<u>109</u>	<u>6,099</u>

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

10 Tax on profit

Analysis of the (credit)/ charge in the year is as follows:

	Note	Year ended 31 March 2020 £ 000	Year ended 31 March 2019 £ 000
Current tax			
- UK corporation tax for the year		641	-
- Adjustment in respect of previous years		28	(101)
Total current tax charge/(credit)		<u>669</u>	<u>(101)</u>
Deferred tax			
- Origination and reversal of timing differences		(186)	476
- Adjustment in respect of previous years		(279)	202
- Effect of tax rate change on opening balances		(501)	-
Total deferred tax (credit)/charge	15	<u>(966)</u>	<u>678</u>
Total tax (credit)/charge on profit		<u>(297)</u>	<u>577</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%). The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	<u>6,263</u>	<u>477</u>
Total tax at 19% (2019: 19%)	1,190	91
Net expenses not deductible	3,353	2,761
Income not taxable for tax purposes	(622)	-
Group relief claimed	(2,752)	(2,482)
Adjustments in respect of previous years	(251)	101
Remeasurement of deferred tax for changes in tax rates	(501)	-
Movements on unrecognised deferred tax	(714)	106
Total tax (credit)/charge	<u>(297)</u>	<u>577</u>

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

10 Tax on profit (continued)

The Finance (No.2) Act 2015 introduced a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020. These reductions were substantively enacted on 26 October 2015. The Finance Act 2016 introduced a further reduction in the main rate of corporation tax to 17% from 1 April 2020. This was substantively enacted on 6 September 2016.

A budget resolution to cancel the reduction in the main rate from 19% to 17% was given statutory effect under the Provisional Collection of Taxes Act 1968 and substantively enacted on 17 March 2020. Accordingly, deferred tax balances that are expected to reverse after 1 April 2020 are valued at 19%.

The net reversal of deferred tax assets expected to occur in the year beginning 1 April 2020 is £1.0 million. This is due to the fact that depreciation is expected to exceed capital allowances in that period. There is no expiry date on timing differences or unused losses.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

11 Intangible assets

	Note	Customer bases £ 000	Licences £ 000	Software £ 000	Goodwill £ 000	Total £ 000
Cost						
At 1 April 2019		83,213	5,116	24,983	105,200	218,512
Additions		7,475	840	64	-	8,379
Transfer to group undertakings		-	(2,287)	(2,414)	-	(4,701)
At 31 March 2020		90,688	3,669	22,633	105,200	222,190
Accumulated amortisation						
At 1 April 2019		73,498	3,800	20,627	94,189	192,114
Charge for the year	5	6,971	96	3,285	9,219	19,571
Transfer to group undertakings		-	(459)	(1,693)	-	(2,152)
At 31 March 2020		80,469	3,437	22,219	103,408	209,533
Net book value						
At 31 March 2020		10,219	232	414	1,792	12,657
At 31 March 2019		9,715	1,316	4,356	11,011	26,398

During the year licences and computer software were transferred to a fellow group company, Digital Wholesale Solutions Limited, at net book value of £1,828,000 and £721,000 respectively.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

12 Tangible assets

	Leasehold improvements £ 000	Network equipment and infrastructure £ 000	Fixtures, fittings and equipment £ 000	Computer equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost						
At 1 April 2019	3,091	19,242	8,590	4,808	58	35,789
Additions	57	289	1,377	253	-	1,976
Transfer to group undertakings	(8)	-	-	-	-	(8)
Disposals	(76)	-	-	-	-	(76)
At 31 March 2020	<u>3,064</u>	<u>19,531</u>	<u>9,967</u>	<u>5,061</u>	<u>58</u>	<u>37,681</u>
Accumulated depreciation						
At 1 April 2019	2,126	18,522	4,345	3,747	57	28,797
Charge for the year	115	520	2,426	512	1	3,574
At 31 March 2020	<u>2,241</u>	<u>19,042</u>	<u>6,771</u>	<u>4,259</u>	<u>58</u>	<u>32,371</u>
Net book value						
At 31 March 2020	<u>823</u>	<u>489</u>	<u>3,196</u>	<u>802</u>	<u>-</u>	<u>5,310</u>
At 31 March 2019	<u>965</u>	<u>720</u>	<u>4,245</u>	<u>1,061</u>	<u>1</u>	<u>6,992</u>

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

13 Investments

	Shares in subsidiary undertakings £ 000
Cost	
At 1 April 2019	18,675
Write-off	<u>(1,330)</u>
At 31 March 2020	<u>17,345</u>
Accumulated impairment	
At 1 April 2019 and 31 March 2020	<u>1,626</u>
Net book amount	
At 31 March 2020	<u>15,719</u>
At 31 March 2019	<u>17,049</u>

The investment in DV02 Limited was written off during the year as the company was struck off. Post year end, Voice Holdings Limited was also struck off and subsequently the investment has been written off.

At 31 March 2020, the Company's investments in related undertakings, all of which are registered in England and Wales, were as per the table below.

Name	Percentage of issued share capital held	Principal business activity
Voice Mobile Limited	100%	Telecommunications
Spiritel Mobile Limited	100%	Telecommunications
Daisy Udata Communications Limited	50%	Telecommunications
Faultbasic Limited	100%	Non-trading
Daisy Local Business Limited	100%	Non-trading
Daisy Wifi Limited	100%	Non-trading
Voice Holdings Limited	100%	Non-trading

The registered address for all the subsidiaries above is Lindred House, 20 Lindred Road, Brierfield, Nelson, BB9 5SR.

The directors believe that the carrying value of the investments is supported by their underlying net assets and the on-going profitability of the businesses.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

14 Stocks

	2020	2019
	£ 000	£ 000
Raw materials and consumables	<u>438</u>	<u>499</u>

The cost of stock recognised as an expense during the year and included in cost of sales amounted to £7.1 million (2019: £8.8 million). There is no material difference between the balance sheet value of stock and the replacement cost.

15 Debtors

	2020	2019
	£ 000	£ 000
Trade debtors	8,188	13,447
Amounts owed by group undertakings	90,367	124,942
Deferred tax	4,947	3,981
Other debtors	2,220	1,559
Corporation tax asset	-	67
Prepayments and accrued income	<u>14,794</u>	<u>22,820</u>
	<u>120,516</u>	<u>166,816</u>

Included in prepayments and accrued income is an amount of £2.3 million (2019: £4.8 million) in respect of amounts due in more than one year.

Amounts owed by group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

The deferred tax asset comprises:

	2020	2019
	£ 000	£ 000
Accelerated capital allowances	4,605	3,619
Short term timing differences	342	265
Losses	<u>-</u>	<u>97</u>
	<u>4,947</u>	<u>3,981</u>
	Note	£'000
At 1 April 2019		3,981
Credited to the income statement	10	<u>966</u>
At 31 March 2020		<u>4,947</u>

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

15 Debtors (continued)

There is an unprovided deferred tax asset of £3.7 million at 31 March 2020 (2019: £4.2 million). The asset relates to tax losses and accelerated capital allowances and has not been recognised as there is insufficient evidence the asset will reverse in the foreseeable future.

16 Creditors: amounts falling due within one year

	2020	2019
	£ 000	£ 000
Trade creditors	22,849	32,817
Amounts owed to group undertakings	24,970	73,176
Other creditors	4,749	3,856
Other taxation and social security	1,755	820
Corporation tax	642	-
Accruals and deferred income	10,469	17,198
	<u>65,434</u>	<u>127,867</u>

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

17 Creditors: amounts falling due after more than one year

	2020	2019
	£ 000	£ 000
Other creditors	1,458	2,439
Accruals and deferred income	421	2,772
	<u>1,879</u>	<u>5,211</u>

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

18 Provisions for liabilities

	Dilapidation provision £ 000	
At 1 April 2019		1,627
Utilised during the year		(62)
Release of provisions		(347)
At 31 March 2020		<u>1,218</u>
	2020	2019
	£ 000	£ 000
Current	5	234
Non-current	1,213	1,393
	<u>1,218</u>	<u>1,627</u>

The provisions balance at 31 March 2020 relates to dilapidation provisions for properties where leases are due to expire between April 2024 and February 2028.

19 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	Number	£	Number	£
Ordinary shares of £0.00001 each	159,241	2	159,241	2
A ordinary shares of £0.00001 each	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>
	<u>159,251</u>	<u>2</u>	<u>159,251</u>	<u>2</u>

Holders of the A ordinary shares are not entitled to dividends and do not hold voting rights. Holders are also not entitled to receive notice of, attend or speak at any general meeting of the Company.

The profit and loss account represents cumulative profits or losses, net of dividends paid, capital contribution and other adjustments.

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The capital redemption reserve relates to a share buyback by the Company in December 2007.

Daisy Communications Ltd.

Notes to the financial statements for the year ended 31 March 2020 (continued)

20 Contingent liabilities

Daisy Group Limited, a fellow group company, has debt facilities in place which are secured through fixed and floating charges over the assets of the Company and its subsidiary undertakings. The total indebtedness against these senior and revolving facilities at 31 March 2020 was £818.2 million (2019: £788.5 million).

Another fellow group company, Daisy Midco Limited, has a payment in kind facility in place which is also secured through fixed and floating charges over the assets of the Group. The total indebtedness of this facility at 31 March 2020 was £350.6 million (2019: £291.9 million) including capitalised interest of £43.5 million (2019: £5.6 million).

The directors do not expect any material loss to arise in respect of the group security arrangements in place.

21 Commitments

Operating lease commitments

As at 31 March, the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 March 2020 £ 000	31 March 2019 £ 000
Within one year	1,393	3,179
Within two to five years inclusive	3,667	9,513
Greater than five years	1,525	7,543
	<u>6,585</u>	<u>20,235</u>

22 Pension schemes

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £0.4 million (2019: £2.5 million). No contributions were due to the pension scheme at the year end in either the current or prior year.

23 Related undertakings

The ultimate parent undertaking and controlling party is Daisy Holdco Limited, a company incorporated on 15 December 2020 that acquired the previous ultimate parent undertaking, Daisy Group Holdings Limited, on 8 February 2021 by way of a share for share exchange as part of the steps plan to effect the demerger of the Digital Wholesale Solutions division from the Daisy Group. Daisy Group Holdings Limited is the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements can be obtained from the Companies House website.

The immediate parent undertaking is Daisy Communications Holdings Limited which is a wholly owned subsidiary of Daisy Group Holdings Limited.

The Company's direct subsidiaries have been detailed in note 13.

The registered address for all of the above companies is Lindred House, 20 Lindred Road, Brierfield, Nelson, BB9 5SR.