

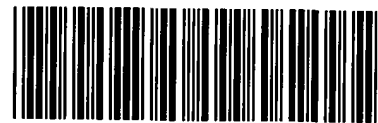
Registered number: 13662328

# Svella Connect Limited

Annual report

30 April 2024

SATURDAY



\*ADC39KG9\*

A3

21/09/2024

#202

COMPANIES HOUSE

# **Svella Connect Limited**

## **Company information**

---

<b>Directors</b>	W A Tinkler B M Whawell
<b>Registered number</b>	13662328
<b>Registered office</b>	Fifteen Montgomery Way Rosehill Industrial Estate Carlisle CA1 2RW
<b>Independent auditor</b>	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE

# **Svella Connect Limited**

## **Contents**

---

	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 5
Directors' responsibilities statement	6
Independent auditor's report to the members of Svella Connect Limited	7 - 10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 26

# **Svella Connect Limited**

## **Strategic report Year ended 30 April 2024**

---

The directors present their strategic report for the year ended 30 April 2024.

### **Principal activities**

The principal activity of Svella Connect Limited is as a leading provider of telecoms and digital infrastructure with the majority of our work delivered with long-term alliances and framework contracts. Our focus is on delivering efficiency by developing innovative ways of working to ensure excellent service for our clients and their customers, whilst exceeding regulatory demands.

We are a trusted partner for some of the UK's largest telecommunications companies, and play our part in updating and revolutionising Britain's digital infrastructure.

### **Business review**

The directors are pleased with the results of the company for the financial period.

Svella Connect has reported turnover of £87.1m (2023: £79.4m) and a pre-tax profit of £1.9m (2023: £1.4m) for the year ended 30 April 2024. The company has total shareholder funds of £2.6m (2023: £2.2m).

### **Key performance indicators**

The company has a focus on efficiency and productivity through innovation and performance and it is a straightforward construction contracting business with a number of key partners. Therefore, the directors are of the opinion that any further analysis of KPIs beyond the financial reporting is not necessary for an understanding of the development, performance and position of the company. Comparisons of turnover and profit will indicate the performance of the company regards improving efficiencies and productivity.

### **Future developments**

The rising energy costs, the global focus on decarbonising transport, the expansion of electric vehicle (EV) infrastructure and the Government targets around full fibre all provide scope for the business to achieve sustainable growth. These macro-economic forces present significant opportunities within the sector.

As the business continues to mature there will be further opportunity to consider appropriate restructure with existing customer base whilst also using skills, resource and assets to diversify in to new utilities.

### **Principal risk and uncertainties**

With the continued costs of living crisis and uncertainty around measures to be introduced under the new Government, the directors recognise the impact this has on its employees and other stakeholders. Therefore, the directors continue to work with customers to ensure employees and stakeholders are adequately and appropriately supported and protected in the current environment.

High energy prices also continue to cause margin pressure to Svella Connect but the directors are looking at ways to reduce energy consumption and carbon emissions, further details of which is included in the directors' report.

# **Svella Connect Limited**

## **Strategic report (continued) Year ended 30 April 2024**

---

### **Directors' statement of compliance with duty to promote the success of the company**

Section 172 of the Companies Act 2006 requires the directors to promote the success of the company for the benefit of its members as a whole, having regard to the interests of stakeholders in their decision making. In making decisions, the directors have had regard to the likely consequences of their decisions in the long term, and understand the impact of the company's activities on local communities, the environment, and its reputation generally.

When making their decisions the directors have taken into consideration all information available to them at the time the decision was made, any potential risks and mitigation, and balanced this against the principal activity of the business, being the basis on which shareholders have subscribed for shares in the company.

In that regard, the directors consider that they have, both collectively and individually, acted in good faith in a way which would most likely promote the success of the company for the benefit of its members as a whole, and in doing so have had regard (amongst other matters) to factors (a) to (f) as set out in Section 172(1) of the Companies Act 2006.

Our directors' report also includes disclosures on employee involvement and environment.

This report was approved by the board on 11 September 2024 and signed on its behalf by:



**W A Tinkler**  
Director

# **Svella Connect Limited**

## **Directors' report Year ended 30 April 2024**

---

The directors present their report and the financial statements for the year ended 30 April 2024.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,708,000 (2023: £1,138,000).

The directors do not recommend the payment of a final dividend in respect of the financial year ended 30 April 2024 (2023: £nil). There was an interim payment for the year ended 30 April 2024 of £1,350,000 (2023: £nil).

### **Directors**

The directors who served during the year and up to the date of signing of the financial statements were:

W A Tinkler  
B M Whawell

### **Future developments**

The directors do not expect there to be any significant change to the way the company operates in the near future.

### **Financial instruments**

#### ***Price risk, credit risk, liquidity risk and cash flow risk***

The business' principal financial instruments comprise trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance for the continuity of funding.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors. Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

### **Engagement with employees**

The corporate culture of the company is to pursue the stability of the business and to do that we know that we need a strong and stable workforce. To ensure that, we are committed to instilling and developing a culture that focuses on the mental and physical wellbeing of our colleagues, open career advancement and training pathways for everyone.

Employees are kept informed on a wide range of matters through digital newsletters and regular meetings both local and company-wide. The company has invested in a number of divisional and departmental offsite workshops to support employee engagement with the strategic direction and performance objectives of the business.

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of any members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate adjustments are made to their roles. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

# Svella Connect Limited

## Directors' report (continued) Year ended 30 April 2024

### Greenhouse gas emissions, energy consumption and energy efficiency action

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018 requires Svella Connect Limited to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held - this includes electricity, natural gas, and business travel in company owned or fleet vehicles.

The table below details the regulated SECR energy and GHG emission sources for the current reporting year.

	2024 kWh	2023 kWh
Total energy consumption used to calculate emissions	<u>20,706,948</u>	<u>18,478,548</u>
Tonnes of carbon dioxide equivalent		
	2024 tCO <sub>2</sub> e	2023 tCO <sub>2</sub> e
Transport	4,747	4,401
Natural gas	27	-
Electricity	87	1
	<u>4,861</u>	<u>4,402</u>

### Intensity measurement

The chosen intensity measurement ratio is tCO<sub>2</sub> emissions per £m of revenue.

	2023	2022
£m turnover	87.1	79.4
tCO <sub>2</sub> e per £m of turnover	<u>55.8</u>	<u>55.4</u>

### Quantification and reporting methodology

In line with the 2018 Regulations we have adopted The Environmental Reporting Guidelines including Streamlined Energy and Carbon Reporting (SECR) Guidance (2019).

Fuel data is from our fuel supplier monthly reports which details how much fuel has been purchased each month. Gas and electricity consumption was estimated in the prior year but this year the data has been taken from meter readings and utility bills. From this it is a simple calculation to work out CO<sub>2</sub> emissions and energy consumption (kWh) as well as gas and electricity consumption.

Conversion factors used in the calculations are taken from UK Government GHG Conversion Factors for Company Reporting 2022.

# **Svella Connect Limited**

## **Directors' report (continued) Year ended 30 April 2024**

---

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

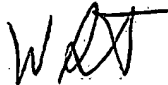
### **Post balance sheet events**

There have been no significant events affecting the company since the year end.

### **Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 11 September 2024 and signed on its behalf by:



**W A Tinkler**  
Director

# **Svella Connect Limited**

## **Directors' responsibilities statement Year ended 30 April 2024**

---

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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 Svella Connect Limited**

---

### **Opinion**

We have audited the financial statements of Svella Connect Limited ('the company') for the year ended 30 April 2024, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2024 and of its profit 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



## **Independent auditor's report to the members of Svella Connect Limited (continued)**

---

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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.



## **Independent auditor's report to the members of Svella Connect Limited (continued)**

---

### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with the laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



## **Independent auditor's report to the members of Svella Connect Limited (continued)**

---

### **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.

**Andrew Wilson BA FCA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne

11 September 2024

# Svella Connect Limited

## Statement of comprehensive income Year ended 30 April 2024

	Note	2024 £000	2023 £000
<b>Profit and loss account</b>			
Turnover	5	87,094	79,402
Cost of sales		(72,181)	(70,496)
<b>Gross profit</b>		<b>14,913</b>	<b>8,906</b>
Administrative expenses		(13,483)	(7,487)
Other operating income	6	500	-
<b>Operating profit</b>	7	<b>1,930</b>	<b>1,419</b>
Interest payable and similar expenses	11	(59)	-
<b>Profit before tax</b>		<b>1,871</b>	<b>1,419</b>
Tax on profit	12	(163)	(281)
<b>Profit for the financial year</b>		<b>1,708</b>	<b>1,138</b>

There was no other comprehensive income for 2024 (2023: £nil).

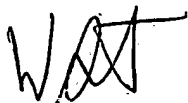
The notes on pages 14 to 26 form part of these financial statements.

# Svella Connect Limited

## Balance sheet At 30 April 2024

	Note	2024 £000	2023 £000
<b>Fixed assets</b>			
Intangible assets	13	1,018	972
Tangible assets	15	1,695	1,643
		<u>2,713</u>	<u>2,615</u>
<b>Current assets</b>			
Stocks	16	761	277
Debtors	17	22,327	22,659
Cash at bank and in hand		4,649	2,363
		<u>27,737</u>	<u>25,299</u>
Creditors: amounts falling due within one year	18	(27,470)	(25,386)
		<u>267</u>	<u>(87)</u>
<b>Net current assets/(liabilities)</b>			
		<u>2,980</u>	<u>2,528</u>
<b>Total assets less current liabilities</b>			
<b>Provisions for liabilities</b>			
Deferred tax	19	(386)	(292)
		<u>2,594</u>	<u>2,236</u>
<b>Net assets</b>		<u>2,594</u>	<u>2,236</u>
<b>Capital and reserves</b>			
Called up share capital	20	-	-
Profit and loss account	21	2,594	2,236
		<u>2,594</u>	<u>2,236</u>
<b>Total equity</b>		<u>2,594</u>	<u>2,236</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 September 2024.



**W A Tinkler**  
Director

Company registered number: 13662328

The notes on pages 14 to 26 form part of these financial statements.

# Svella Connect Limited

## Statement of changes in equity Year ended 30 April 2024

---

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 May 2022	-	1,098	1,098
Profit and total comprehensive income for the period	-	1,138	1,138
At 1 May 2023	-	2,236	2,236
Profit and total comprehensive income for the year	-	1,708	1,708
Dividends paid	-	(1,350)	(1,350)
At 30 April 2024	-	2,594	2,594

---

The notes on pages 14 to 26 form part of these financial statements.

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

---

### 1. General information

Svella Connect Limited ('the company') is engaged in the provision of digital infrastructure solutions.

The company is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is given in the company information page of this annual report.

### 2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102'), and the Companies Act 2006.

### 3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 3.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and rounded to the nearest thousand.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### 3.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemptions relating to the disclosure of key management personnel compensation, certain financial instruments disclosures and the preparation of a cash flow statement. The consolidated financial statements of Svella Plc include the equivalent key management personnel compensation disclosures and a consolidated cash flow statement.

#### 3.3 Going concern

The company meets its working capital requirements through its operating cash flows, with the support of its ultimate parent company Svella Plc.

The directors have prepared financial forecasts, which have been sensitised to consider a range of reasonable possible scenarios, which indicate that the company will maintain sufficient financial headroom and cash reserves to enable it to continue meeting its liabilities as they fall due in the normal course of business, for at least the next twelve months following approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

---

### 3. Accounting policies (continued)

#### 3.4 Revenue

Turnover represents the value of work done, recognised when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

Revenue recognised on contracts that are less than twelve months in length are accounted for as the goods and services are provided. Any cash received in advance of goods or services being provided is held in deferred income until the goods or services have been provided. Any goods or services provided that haven't been invoiced are recognised in accrued income.

#### 3.5 Leases

All of the company's leasing arrangements are operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

#### 3.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 3.7 Employee benefits

##### *Short-term benefits*

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

##### *Defined contribution pension plan*

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

# **Svella Connect Limited**

## **Notes to the financial statements Year ended 30 April 2024**

---

### **3. Accounting policies (continued)**

#### **3.8 Current and deferred taxation**

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences arise from the inclusion of transactions and events in the financial statements in periods different from those in which they are assessed for tax.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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 timing differences.

#### **3.9 Intangible assets**

##### **Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the statement of comprehensive income over its useful economic life. The useful economic life of goodwill is 10 years.

##### **Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development expenditure is capitalised in line with the research and development policy included in accounting policy 3.12.

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

---

### 3. Accounting policies (continued)

#### 3.10 Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Leasehold property	- 10 years straight line
Plant and equipment	- 3 - 7 years straight line
Fixtures and fittings	- 4 - 5 years straight line
Computer equipment	- 4 years straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

#### 3.11 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

#### 3.12 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the average cost (AVCO) method and includes the purchase price (including taxes and duties) and transport and handling costs directly attributable to bringing the stock to its present location.

Provision is made as necessary for damaged, obsolete or slow-moving items.

#### 3.13 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties, including fellow group companies.

All such instruments are due within one year and are measured, initially and subsequently, at the transaction price.

At the end of each reporting period, financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

---

### 3. Accounting policies (continued)

#### 3.14 Dividends

- Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

### 4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments 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.

#### *Significant judgments in applying the entity's accounting policies*

In preparing these financial statements, accrued income represents a significant judgmental area, particularly in estimating the timing and amount of income earned but not yet received at the reporting date. This judgment requires management to make assumptions about the likelihood of payment based on performance of contractual obligations. Consequently, accrued income is subject to regular review taking account of factors including ageing to reflect the most accurate financial information available.

#### *Key sources of estimation uncertainty*

Revenue is recognised as work is performed. This can be reliably measured, with contractual rates attracted to specific types of work. There is a level of inherent estimation uncertainty with regards to works performed by teams (both direct and subcontracted labour), and therefore amounts are verified by the customer ahead of economic benefit flowing to the entity.

The company considers whether intangible or tangible fixed assets are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash generating unit (CGU). This requires estimation of the future cash flows from the CGU and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. In addition to this, the useful lives of fixed assets are regularly reviewed and any reduction in the length of the life would result in an impairment charge to the statement of comprehensive income and a reduction in the carrying value of the asset.

The annual amortisation charge for intangible assets and depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed regularly. They are amended when necessary to reflect current estimates, future investments, economic utilisation and the physical condition of the assets.

None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

---

### 5. Turnover

An analysis of turnover by class of business is as follows:

	2024 £000	2023 £000
Revenue from contracts	87,094	79,402

All turnover arose within the United Kingdom.

### 6. Other operating income

	2024 £000	2023 £000
Other operating income	500	-

In the current year £500,000 has been recognised in relation to contractual income arising from the resolution of historic contractual matters.

### 7. Operating profit

The operating profit is stated after charging:

	2024 £000	2023 £000
Amortisation of intangible fixed assets (included within administrative expenses)	141	98
Depreciation of tangible assets	387	212
Operating lease rentals	902	751

### 8. Auditor's remuneration

	2024 £000	2023 £000
Audit of these financial statements	38	30
Taxation compliance services	5	3

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

---

### 9. Employees

Staff costs were as follows:

	2024 £000	2023 £000
Wages and salaries	33,675	31,855
Social security costs	3,484	3,289
Cost of defined contribution pension scheme	954	824
	<u>38,113</u>	<u>35,968</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2024 No.	2023 No.
Operational staff	779	787
Administration and support	51	49
	<u>830</u>	<u>836</u>

### 10. Directors' remuneration

The directors received £nil remuneration for the year ended 30 April 2024 (2023: £nil).

### 11. Interest payable and similar expenses

	2024 £000	2023 £000
Other interest payable	59	-

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

### 12. Taxation

	2024 £000	2023 £000
<b>Corporation tax</b>		
Current tax on profits for the year	69	-
Adjustments in respect of previous periods	-	11
	<u>69</u>	<u>11</u>
<b>Total current tax</b>	<u>69</u>	<u>11</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	75	213
Changes to tax rates	-	60
Adjustment in respect of previous periods	19	(3)
	<u>94</u>	<u>270</u>
<b>Total deferred tax</b>	<u>94</u>	<u>270</u>
<b>Taxation on profit on ordinary activities</b>	<u>163</u>	<u>281</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2023 - higher than) the standard rate of corporation tax in the UK of 25% (2023 -19.49%). The differences are explained below:

	2024 £000	2023 £000
Profit before tax	<u>1,871</u>	<u>1,419</u>
Profit multiplied by standard rate of corporation tax in the UK of 25.00% (2023 -19.49%)	468	277
<b>Effects of:</b>		
Expenses not deductible for tax purposes	40	36
Change in tax rates	-	60
Adjustments to tax charge in respect of prior periods	19	8
Benefit of superdeduction	-	(68)
Group relief	(364)	(32)
<b>Total tax charge for the year</b>	<u>163</u>	<u>281</u>

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

### 12. Taxation (continued)

#### Factors that may affect future tax charges

In the Spring Budget 2021 it was announced that the main UK corporation tax rate would increase from 19% to 25% from 1 April 2023. This rate increase was substantively enacted as part of the Finance Act 2021 on 24 May 2021 and has now taken effect. Accordingly, the company's profits are taxed at an effective rate of 25% for the year ended 30 April 2024 (19.49% for the year ended 30 April 2023), and future profits will be taxed at a rate of 25%. Deferred tax at the balance sheet date has been calculated at 25% (2023: 25%), as this was the tax rate substantively enacted at the year end.

### 13. Intangible assets

	Develop- ment expenditure £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 May 2023	197	899	1,096
Additions	188	-	188
At 30 April 2024	<u>385</u>	<u>899</u>	<u>1,284</u>
<b>Amortisation</b>			
At 1 May 2023	9	115	124
Charge for the year	49	92	141
At 30 April 2024	<u>58</u>	<u>207</u>	<u>265</u>
<b>Net book value</b>			
At 30 April 2024	<u>327</u>	<u>692</u>	<u>1,019</u>
At 30 April 2023	<u>188</u>	<u>784</u>	<u>972</u>

### 14. Dividends

	2024 £000	2023 £000
Dividends	<u>1,350</u>	<u>-</u>

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

### 15. Tangible fixed assets

	Leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost</b>					
At 1 May 2023	660	343	351	506	1,860
Additions	246	25	19	149	439
At 30 April 2024	<u>906</u>	<u>368</u>	<u>370</u>	<u>655</u>	<u>2,299</u>
<b>Depreciation</b>					
At 1 May 2023	30	59	43	85	217
Charge for the year	78	89	72	148	387
At 30 April 2024	<u>108</u>	<u>148</u>	<u>115</u>	<u>233</u>	<u>604</u>
<b>Net book value</b>					
At 30 April 2024	<u>798</u>	<u>220</u>	<u>255</u>	<u>422</u>	<u>1,695</u>
At 30 April 2023	<u>630</u>	<u>284</u>	<u>308</u>	<u>421</u>	<u>1,643</u>

### 16. Stocks

	2024 £000	2023 £000
Raw materials and consumables	<u>761</u>	<u>277</u>

Stocks are stated after provisions for impairment of £nil (2023: £nil). The impairment charge for stock included in cost of sales totals £nil (2023: £nil).

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

### 17. Debtors

	2024 £000	2023 £000
Trade debtors	3,903	2,394
Amounts owed by group undertakings	-	43
Other debtors	733	967
Prepayments	1,465	1,514
Tax recoverable	-	15
Accrued income	16,226	17,726
	<u>22,327</u>	<u>22,659</u>

Trade debtors are stated after provisions of £nil (2023: £nil). The impairment charge for the period totalled £nil (2023: £nil).

### 18. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Trade creditors	3,942	2,903
Amounts owed to group undertakings	18,493	16,871
Corporation tax	69	-
Other taxation and social security	2,962	3,572
Other creditors	1,319	1,318
Accruals and deferred income	685	722
	<u>27,470</u>	<u>25,386</u>

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

### 19. Deferred taxation

	2024 £000
At beginning of year	(292)
Charged to profit or loss	(94)
<b>At end of year</b>	<b>(386)</b>

The provision for deferred taxation is made up as follows:

	2024 £000	2023 £000
Fixed asset timing differences	(423)	(339)
Short term timing differences	37	47
	<b>(386)</b>	<b>(292)</b>

The net amount of deferred tax assets and liabilities that are expected to increase within one year of the balance sheet date is £104,000 (2023: £16,000). This figure takes account of both the reversal of existing timing differences and the origination of new ones.

### 20. Share capital

	2024 £	2023 £
<b>Allotted, called up and fully paid</b>		
1 (2023: 1) ordinary share of £1	1	1

### 21. Reserves

#### Profit and loss account

Includes all current period retained profits and losses, net of dividends paid and other adjustments.

# Svella Connect Limited

## Notes to the financial statements Year ended 30 April 2024

---

### 22. Commitments under operating leases

At 30 April 2024 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2024 £000	2023 £000
Not later than 1 year	750	614
Later than 1 year and not later than 5 years	2,493	3,000
Later than 5 years	1,720	3,566
	<u>4,963</u>	<u>7,180</u>

### 23. Related party transactions

#### Summary of transactions with related parties

TVFB(3) Limited is a company owned and controlled by a director.

During the period, the company incurred charges of £1,225 (2023: £28,000) to TVFB(3) Limited in relation to haulage costs. At the period end, there were no amounts left unpaid (2023: £nil).

Other than the transactions disclosed in this note, the company's other related party transactions were with other group entities.

### 24. Controlling party

The company is a subsidiary undertaking of Svella Infrastructure Group Limited, Fifteen Montgomery Way, Rosehill Industrial Estate, Carlisle, CA1 2RW.

The smallest and largest group in which the results of the company are consolidated is headed by Svella Plc, a company registered in England and Wales. No other group financial statements include the results of the company. In the opinion of the directors there are no ultimate controlling parties of Svella Plc as no shareholder owns more than 50% of the issued share capital.

The consolidated financial statements of the group are available to the public and may be obtained from its registered address Fifteen Montgomery Way, Rosehill Industrial Estate, Carlisle, CA1 2RW.