

**COMVERGENT LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**



# COMVERGENT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr P M Garston Mr F D'Aloia Mr A Boilot
<b>Company number</b>	05494561
<b>Registered office</b>	Viscount House River Lane Saltney Chester CH4 8RH United Kingdom
<b>Auditor</b>	Bennett Brooks & Co. Limited Chartered Accountants & Statutory Auditors St George's Court Winnington Avenue Northwich Cheshire CW8 4EE

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# COMVERGENT LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present the strategic report for the year ended 31 December 2021.

### Business model

The Company provides an end-to-end solution to mobile network operators and infrastructure owners in the telecoms sector.

The results are as shown in the statement of comprehensive income on page 8. The Company continued to see the effects of COVID-19 with activity disrupted periodically. In addition, the Company won several new contracts towards the end of the year which required investment in resources ahead of revenue generating activity taking place. The net effect of these factor was a reduction in turnover to £13,668,788 (2020: £17,471,402) and an EBITDA loss of £938,912 (2020: profit of £100,635). The loss for the year after taxation was £983,293 (2020: loss of £42,053) and no dividends were declared or paid in the year (2020: £nil).

### Principal risks and uncertainties

The Company is exposed to the risk of a downturn in activity within the telecommunications service sector. The Company manages this risk by focusing on the range and quality of the services it provides to its customers while identifying and pursuing new or additional opportunities.

The telecoms sector, and therefore the Company, is not immune to the risks and uncertainties posed by operational and technological changes and by financial pressures within its customers and markets. However, the directors believe that major factors such as the completion of the spectrum auctions and the development of 5G plans will enable the Company to trade profitably over the medium term and develop a strong pipeline of work.

The Company is exposed to the risk of default by its trade debtors. The directors consider this risk to be minimised due to the customer base being largely blue-chip organisations with whom the Company has a long term trading relationship combined with exercising strong credit control. The trade debtors presented in the balance sheet are stated net of provision for doubtful debts. Provision is made where the directors consider there to be a risk that the full amount of the outstanding receivable will not be recoverable.

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term finance. Short term finance is available through invoice discounting facilities and this is supplemented by funding from the ultimate parent company where necessary. Forward looking cash flow projections are prepared on a regular basis to assess funding requirements. The credit risk on liquid funds is limited given the nature of the providers.

### Future developments

The Company is well placed to further expand its customer base in the wireless telecommunications sector and capitalise on the anticipated growth in the market over the next 12 months. In addition, it will enter the Fibre To The Premises market in 2022, an area where the wider group has significant experience across Europe, and the directors believe this presents a significant growth opportunity in the medium term.

### Key performance indicators

The directors consider the key performance indicators to be those that reflect the underlying trading performance of the Company. The directors consider that turnover, gross profit and EBITDA provide the most representative measures of the Company's performance.

	2021	2020
	£	£
Turnover	13,668,778	17,471,402
Gross profit	1,050,592	2,281,355
Gross margin %	7%	13%
EBITDA	(938,912)	100,635
EBITDA %	-7%	1%

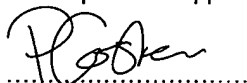
# COMVERGENT LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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In addition to the financial KPIs, the directors monitor a suite of operational KPIs relating to health & safety, productivity and quality. Further details of these KPIs are not published due to their commercial sensitivity.

This report was approved by the Board and signed on its behalf by:



.....  
Mr P Garston  
**Director**

Date: 26/09/2022

# COMVERGENT LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### Principal activities

The principal activity of the Company during the year was the provision of an end-to-end solution to mobile network operators and infrastructure owners in the telecoms sector.

#### Directors

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

Mr P M Garston  
Mr F D'Aloia  
Mr A Boilot

#### Results and dividends

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

#### Qualifying third party indemnity provisions

The directors have not benefited from third party indemnity provisions in place during the financial year and to the date of this report.

#### Going concern

The directors are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. In satisfaction of this responsibility the directors have considered the Company's ability to meet its liabilities as they fall due.

The Company's business activities, together with the factors likely to affect future development and performance are set out in the Strategic Report, including management of liquidity and credit risk.

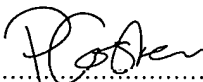
The Company meets its day to day working capital requirements through an invoice discounting facility with further supporting being made available by the ultimate parent company as required. The directors have received a letter of support from its ultimate parent company, Solutions 30 SE, confirming that it will continue to support the Company for a period of at least 12 months from the date of approval of the 31 December 2021 Comvergent Limited financial statements.

#### Auditor

The auditor, Bennett Brooks & Co. Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board



Mr P M Garston  
Director

Date: 26/09/2022

# **COMVERGENT LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMVERGENT LIMITED

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## Opinion

We have audited the financial statements of Comvergent Limited (the 'Company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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

## Other information

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

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

We have nothing to report in this regard.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMVERGENT LIMITED (CONTINUED)**

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and regulations which govern the preparation of financial statements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, through management bias in manipulation of accounting estimates or accounting for significant transactions outside the normal course of business. Audit procedures performed included:

- Enquiry of management around actual and potential litigation and claims and instances of non-compliance with laws and regulations;
- Auditing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business; and,
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMVERGENT LIMITED (CONTINUED)

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There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

### Use of our report

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



Jason Leach FCA (Senior Statutory Auditor)  
For and on behalf of Bennett Brooks & Co. Limited  
Chartered Accountants & Statutory Auditors  
St George's Court  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4EE  
Date: ..... 26 September 2022

**COMVERGENT LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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		2021	2020
	Notes	£	£
Turnover	2	13,668,778	17,471,402
Cost of sales		(12,618,186)	(15,190,047)
<b>Gross profit</b>		<u>1,050,592</u>	<u>2,281,355</u>
Administrative expenses		(2,234,306)	(2,333,205)
Other operating income		146,742	94,143
<b>Operating (loss) / profit</b>	<b>3</b>	<u>(1,036,972)</u>	<u>42,293</u>
Interest payable and similar expenses	6	(106,787)	(92,092)
<b>Loss before taxation</b>		<u>(1,143,759)</u>	<u>(49,799)</u>
Tax on loss	7	160,466	7,746
<b>Loss for the financial year</b>		<u><u>(983,293)</u></u>	<u><u>(42,053)</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

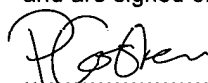
The notes on pages 11 to 22 form part of these financial statements.

**COMVERGENT LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Notes	£	2021 £	£	2020 £
<b>Fixed assets</b>					
Intangible assets	8		85,868		-
Tangible assets	9		192,885		234,397
<b>Current assets</b>					
Stocks		44,483		73,621	
Debtors	10	5,620,267		6,164,249	
Cash at bank and in hand		913,679		1,131,101	
			<u>6,578,429</u>	<u>7,368,971</u>	
<b>Creditors: amounts falling due within one year</b>	11	(6,735,989)		(6,476,802)	
<b>Net current (liabilities) / assets</b>			<u>(157,560)</u>		<u>892,169</u>
<b>Total assets less current liabilities</b>			<u>121,193</u>		<u>1,126,566</u>
<b>Provisions for liabilities</b>	12		-		(22,080)
<b>Net assets</b>			<u>121,193</u>		<u>1,104,486</u>
<b>Capital and reserves</b>					
Called up share capital	13		8,280		8,280
Profit and loss reserves			112,913		1,096,206
<b>Total equity</b>			<u>121,193</u>		<u>1,104,486</u>

The notes on pages 11 to 22 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 26/09/2022  
and are signed on its behalf by:

  
.....  
Mr P M Garston  
Director

**COMVERGENT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31 DECEMBER 2021**

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	<b>Share capital</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 January 2020</b>	8,280	1,138,259	1,146,539
<hr/>			
<b>Year ended 31 December 2020:</b>			
Loss and total comprehensive expense for the year	-	(42,053)	(42,053)
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<b>Balance at 31 December 2020</b>	8,280	1,096,206	1,104,486
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<b>Year ended 31 December 2021:</b>			
Loss and total comprehensive expense for the year	-	(983,293)	(983,293)
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<b>Balance at 31 December 2021</b>	8,280	112,913	121,193
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The notes on pages 11 to 22 form part of these financial statements.

# COMVERGENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies

##### Company Information

Comvergent Limited (Company no 05494561) is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is Viscount House, River Lane, Saltney, Chester, United Kingdom, CH4 8RH.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and,
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of Solutions 30 SE. These consolidated financial statements are available from its registered office, 3 Rue De La Reine, Luxembourg, L-2418.

##### Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The directors have received a letter of support from the Company's ultimate parent company, Solutions 30 SE, confirming that it will continue to support the Company for a period of at least 12 months from the date of approval of the 31 December 2021 Comvergent Limited financial statements. On this basis the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

# COMVERGENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies (continued)

##### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided to customers during the period, exclusive of Value Added Tax.

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

##### Government grants

Grants received from the government in relation to the Coronavirus Job Retention Scheme are recognised as other operating income in the Income Statement in the period in which the benefit was received.

##### Intangible fixed assets

Intangible fixed assets are initially measured at cost and subsequently measured at cost, net of amortisation and any impairment losses.

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

Software	3 years
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### Tangible fixed assets

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

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

Land and buildings	- 20% straight line
Plant and machinery etc	- 20% - 30% straight line

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

##### Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# CONVERGENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Stocks**

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

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

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

Cash and cash equivalents include cash in hand.

#### **Accrued and deferred income**

Revenue is recognised in the accounting period in which the services are rendered when the outcome and stage of completion can be estimated reliably. The Company uses the percentage of completion method based on the actual service performed as a percentage of the total services to be provided.

#### **Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade, group and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# COMVERGENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies (continued)

##### ***Classification of financial liabilities***

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

##### ***Basic financial liabilities***

Basic financial liabilities, including trade, group and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is 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 a 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

##### ***Employee benefits***

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

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

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

# COMVERGENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies (continued)

##### **Retirement benefits**

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

##### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### **Foreign exchange**

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

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

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

##### **Judgements and key sources of uncertainty**

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

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

##### **Critical judgements**

The company makes estimates and assumptions confirming the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

##### **Accounting for accrued income**

As noted above, the Company uses the percentage of completion method based on the actual service performed as a percentage of the total services to be provided to recognise revenue. Whilst this estimate is based on all information available at the relevant balance sheet date, measurement of percentage completion is inherently uncertain.

#### 2. Turnover

Turnover is attributable to the one principal activity of the Company and all turnover is derived in the United Kingdom.

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**3. Operating profit**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit for the year is stated after charging / (crediting):		
Exchange gains	(1,363)	(310)
Depreciation of owned tangible fixed assets	87,678	58,342
Amortisation of owned intangible fixed assets	10,382	-
Gain on disposal of tangible fixed assets	(414)	-
Fees payable to the Company's auditor for the audit of the Company's annual accounts	15,500	15,000
Defined contribution pension cost	48,661	65,056
Government grants - furlough	(146,742)	(94,143)

**4. Employees**

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Production	82	72
Administrative	17	18
Senior management	3	4
	<u>102</u>	<u>94</u>

Their aggregate remuneration comprised:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	4,079,557	3,443,141
Social security costs	432,633	364,973
Pension costs	48,661	65,056
	<u>4,560,851</u>	<u>3,873,170</u>

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**5. Directors remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	109,538	187,775
Company pension contributions to defined contribution schemes	1,319	2,518
	<u>110,857</u>	<u>190,293</u>
	<u><u>110,857</u></u>	<u><u>190,293</u></u>

2 (2020: 0) directors were remunerated by a fellow group company during the year. The number of directors who were members of defined contribution schemes were 1 (2020: 2) at year end.

**6. Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest on invoice finance arrangements	106,787	87,130
Other interest on financial liabilities	-	4,962
	<u>106,787</u>	<u>92,092</u>
	<u><u>106,787</u></u>	<u><u>92,092</u></u>

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**7. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	-
Adjustments in respect of prior periods	-	(2,887)
Tax loss carry back	-	(12,404)
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Total current tax	-	(15,291)
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<b>Deferred Tax</b>		
Origination and reversal of timing differences	(160,466)	7,545
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Total tax credit	(160,466)	(7,746)
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The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss before taxation	(1,143,759)	(49,799)
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Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	(217,314)	(9,462)
Tax effect of expenses that are not deductible in determining taxable profit	1,003	1,933
Group relief surrendered	64,134	-
Adjustments in respect of prior years	(511)	(2,887)
Amounts relating to change in tax rate	-	2,670
Super deduction allowance	(7,778)	-
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Taxation credit	(160,466)	(7,746)
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The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

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**8. Intangible fixed assets**

	<b>Software</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2021	-
Additions	96,250
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At 31 December 2021	96,250
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<b>Depreciation</b>	
At 1 January 2021	-
Amortisation charged in the year	10,382
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At 31 December 2021	10,382
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<b>Carrying amount</b>	
At 31 December 2021	85,868
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At 31 December 2020	-
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**9. Tangible fixed assets**

	Land and buildings £	Plant and machinery etc £	Total £
<b>Cost</b>			
At 1 January 2021	10,034	544,501	554,535
Additions	751	49,127	49,878
Disposals	-	(255,197)	(255,197)
At 31 December 2021	<u>10,785</u>	<u>338,431</u>	<u>349,216</u>
<b>Depreciation</b>			
At 1 January 2021	1,831	318,307	320,138
Depreciation charged in the year	2,144	85,534	87,678
Eliminated in respect of disposals	(20)	(251,465)	(251,485)
At 31 December 2021	<u>3,955</u>	<u>152,376</u>	<u>156,331</u>
<b>Carrying amount</b>			
At 31 December 2021	<u>6,830</u>	<u>186,055</u>	<u>192,885</u>
At 31 December 2020	<u>8,203</u>	<u>226,194</u>	<u>234,397</u>

**10. Debtors**

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,885,941	3,565,695
Amounts owed by group undertakings	55,987	-
Corporation tax recoverable	13,010	21,506
Prepayments and accrued income	1,526,943	2,577,048
	<u>5,481,881</u>	<u>6,164,249</u>
Deferred tax asset (see note 12)	138,386	-
	<u>5,620,267</u>	<u>6,164,249</u>

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

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**11. Creditors: Amounts falling due within one year**

	2021	2020
	£	£
Trade creditors	1,132,807	1,541,712
Amounts owed to group undertakings	928,173	1,069,989
Other taxation and social security	140,348	239,107
Accruals and deferred income	981,644	903,235
Other creditors	3,553,017	2,722,759
	<u>6,735,989</u>	<u>6,476,802</u>

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

Other creditors as at 31 December 2021 relates to invoice discount financing by BNP Paribas Fortis Factor NV/SA. In the prior year a similar facility was provided by HSBC Invoice Financing (UK) Limited and therefore the balance included in Other creditors at that date is owed to this counterparty.

On 3 May 2006 a fixed and floating charge was created over the undertaking and all property and assets present and future including goodwill, book debts, capital buildings, fixtures, fixed plant and machinery.

**12. Deferred taxation**

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial purposes:

	Liabilities 2021	Liabilities 2020	Assets 2021	Assets 2020
	£	£	£	£
<b>Balances:</b>				
Accelerated capital allowances	52,176	43,533	-	-
Tax losses	-	-	(183,343)	(8,659)
Short term timing differences	-	-	(7,219)	(12,794)
	<u>52,176</u>	<u>43,533</u>	<u>(190,562)</u>	<u>(21,453)</u>

**Movements in the year:**

Liability at 1 January 2021	22,080
Credit to profit and loss	(160,466)
Asset at 31 December 2021	<u>(138,386)</u>

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**13. Called up share capital**

	<b>2021</b>	<b>2020</b>
	£	£
<b>Ordinary share capital issued and fully paid</b>		
8,280 ordinary shares of £1 each	8,280	8,280
	<u>8,280</u>	<u>8,280</u>

**14. Operating lease commitments**

	<b>2021</b>	<b>2020</b>
	£	£
Within one year	144,204	150,360
Between one and five years	306,524	345,360
In over five years	-	30,000
	<u>450,728</u>	<u>525,720</u>

**15. Pensions**

A defined contribution pension scheme is operated by the Company on behalf of the employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund and amounted to £46,661 (2020: £65,056). Contributions amounting to £14,441 (2020: £17,130) were payable to the fund at year end.

**16. Parent company**

The Company's immediate parent undertaking is Convergent Holdings limited, a company registered in England and Wales. There is no ultimate controlling party.

The Company's ultimate parent company is Solutions 30 SE a company registered in Luxembourg. Copies of the consolidated financial statements of Solutions 30 SE are available from the company's registered office at 3 Rue De La Reine, Luxembourg, L-2418. This is the smallest group for which consolidated financial statements are prepared which include this Company.