

CONNECT44 LTD
Strategic Report, Directors' Report and
Financial Statements
for the Year Ended 31 December 2021

Contents of the Financial Statements
for the year ended 31 December 2021

	Page
Company Information	1
Strategic Report	2
Directors' Report	3
Independent Auditors' Report	5
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12

CONNECT44 LTD

**Company Information
for the year ended 31 December 2021**

Directors:

L D Kidel
J F Rogerson
C J Page
A Homewood

Registered office:

7th Floor
1 Station Square
Bracknell
Berkshire
RG12 1QB

Registered number:

05549559 (England and Wales)

Auditors:

Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

**Strategic Report
for the year ended 31 December 2021**

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

Review of business

The company continued providing telecommunications services and engineering solutions. The principal objective remains to increase market share and maximise shareholder wealth.

Principal risks and uncertainties

The principal risks and uncertainties surrounding the business are those associated with the fast moving nature of the telecommunications industry which over the last decade has been considered to be the most innovative. The directors address these uncertainties at all times by adopting a flexible and dynamic approach to the provision of services.

The Directors continually assess the potential impact to the business presented by COVID19 and have not experienced a material affect to the operational performance of the business over the past year, nor do they believe that ongoing company operational performance will be materially affected.

Development and performance

The directors use sales revenue and gross profit margin to measure performance and track progress. The results for the year and financial position at the year end give a full explanation of the company's performance which was considered very good by the directors considering the competition in the market, and prevailing economic conditions.

Quality & information security management systems

As part of our ongoing company commitment to best practice in quality management and cyber security, we are continually improving the company Information and Security Management Systems under the provisions of the ISO/IEC 27001:2013 certification awarded in June, 2018. Our ISO 9001:2015 Quality Management system which is certified by BSI has been constantly improved. We have expanded our management of Risk by creating our own Risk Management system that is ISO 31000:2018 compliant. Our Business Continuity Management System is now set up and in place and we have achieved ISO 22301 certification earlier this year.

Research and development

The company continued to involve itself in research and development activities on projects, for which it duly claimed relief for, resulting in a corporation tax refund in the year relating to prior periods. It is the intention of the directors to continue this activity through the coming years.

Other performance indicators

The group strategy to increase our sales revenues by winning services direct with the end client and replacing our indirect sales revenue is successfully underway. The consequence of this strategy gave our 2021 result a turnover decrease of approximately 16% on the previous year (£28.0m v's £33.3m), gross margin percentages remained steady at approximately 25%. The drop in turnover accounted for the margin decrease from £8.4m in 2020 to £7.0m in the current year. Expansion of the client base has been achieved through 2021, the rewards of which are expected to be reflected in the coming years. We intend to continue the strategy of increasing our revenue streams with the end client and acquiring a deeper client base for the foreseeable future.

On behalf of the board:

J F Rogerson - Director

25 May 2022

**Directors' Report
for the year ended 31 December 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

Principal activity

The principal activity of the company in the year under review was that of the provision of telecommunications services and engineering solutions.

Dividends

No dividends will be distributed for the year ended 31 December 2021.

Research and development

The company continues to carry out research and development activities as defined by the Income and Corporation Taxes Act. The R&D projects undertaken seek to achieve advancements in knowledge, capability and optimization of mobile telecom networks, embarking on numerous technical investigations each year in relation to developing and appreciably improving the industry standard of software engineering, over and above the routine work within the projects. The company will continue to invest in research and development activities through competent professionals spending appreciable time to overcome significant technological uncertainty within the field of software and Network Engineering, in an attempt for the company to remain at the forefront of the industry as a leading mobile and fixed network solutions provider.

Future developments

Our Mission to support our clients in the digitalisation process has been activated by the European Partnership with an innovative software house MYX. The initial development is one of Digital Twin, which is creating a big interest in all our Telco Operators and Telco Infrastructure clients. This technology is a game changer in many cost saving and operative areas. We see long term service contracts on the horizon for 2022.

The Digital Twin offering is giving us the ability to reach out to many new end clients. As new technologies are now being utilised in the market, we must invest in developing our Enterprise Solutions to new clients and develop a custom made service suite. Open RAN technology which is being provided by typically well established IT manufacturers, such as IBM, Aruba HPE, Mavenir, Rakuten, NEC etc. has created new opportunities for Connect44 to supply System Integrator services to these companies or the end client. All these facilities will require Network Monitoring Services, Network Integration and Network Design services via either local Network Operation Centres, nearshore in Bucharest or offshore Kuala Lumpur Malaysia. We will continue to develop our NOC services and we are now NIST compliant. Our Certified Management Systems in Quality (ISO 9001:2015), Information Security (ISO 27001), and Business Continuity (ISO 22301) will be expanded across the group in line with ISO 31000 Risk Management methodology.

The 5G technology in our mobile telecommunications industry is now being rolled out in the major cities and must have 100% coverage of the UK in the near future. The particular technical areas requiring this investment will be Radio Planning, Radio Optimisation, Radio Test driving & analysis, Network Integration and Project Management services. Service provision within these areas represent Connect44's core engineering offering to the industry.

The push within the telecommunication industry to reach net zero carbon foot print is getting stronger and the green thinking is a key asset. We have set up a Group Green competence centre in Denmark and we have some Solar Energy telco solutions to offer our clients via our partner company Nexte.

Directors

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

L D Kidel
J F Rogerson
C J Page
A Homewood

Indication of the existence of branches outside the uk

The company ceased to maintain a non- operational branch in Germany from the start of the year.

**Directors' Report
for the year ended 31 December 2021**

Statement of directors' responsibilities

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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

J F Rogerson - Director

25 May 2022

**Independent Auditors' Report to the Members of
Connect44 Ltd**

Opinion

We have audited the financial statements of Connect44 Ltd (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows 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 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 31 December 2021 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' Report thereon.

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 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.

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 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.

Independent Auditors' Report to the Members of Connect44 Ltd

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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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 gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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. This description forms part of our Auditors' Report.

**Independent Auditors' Report to the Members of
Connect44 Ltd**

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 Auditors' 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.

Nicola Pearson (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

26 May 2022

**Statement of Comprehensive
Income
for the year ended 31 December 2021**

	Notes	2021 £	2020 £
Turnover	3	27,978,314	33,286,938
Cost of sales		<u>(20,978,524)</u>	<u>(24,881,654)</u>
Gross profit		6,999,790	8,405,284
Administrative expenses		<u>(5,754,268)</u>	<u>(5,112,348)</u>
		1,245,522	3,292,936
Other operating income		<u>146,767</u>	<u>125,268</u>
Operating profit		1,392,289	3,418,204
Interest receivable and similar income		<u>76,856</u>	<u>30,269</u>
		1,469,145	3,448,473
Interest payable and similar expenses	6	<u>(1,925)</u>	<u>(1,235)</u>
Profit before taxation	7	1,467,220	3,447,238
Tax on profit	8	<u>464,348</u>	<u>255,254</u>
Profit for the financial year		1,931,568	3,702,492
Other comprehensive income		-	-
Total comprehensive income for the year		<u>1,931,568</u>	<u>3,702,492</u>

Statement of Financial Position
31 December 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	9		483,167		579,406
Current assets					
Debtors	10	12,960,528		13,201,487	
Cash at bank and in hand		<u>825,867</u>		<u>990,912</u>	
		13,786,395		14,192,399	
Creditors					
Amounts falling due within one year	11	<u>5,742,356</u>		<u>8,068,104</u>	
Net current assets			<u>8,044,039</u>		<u>6,124,295</u>
Total assets less current liabilities			<u>8,527,206</u>		<u>6,703,701</u>
Provisions for liabilities	13		-		108,063
Net assets			<u>8,527,206</u>		<u>6,595,638</u>
Capital and reserves					
Called up share capital	14		100,000		100,000
Retained earnings	15		<u>8,427,206</u>		<u>6,495,638</u>
Shareholders' funds			<u>8,527,206</u>		<u>6,595,638</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2022 and were signed on its behalf by:

J F Rogerson - Director

**Statement of Changes in Equity
for the year ended 31 December 2021**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	100,000	2,793,146	2,893,146
Changes in equity			
Total comprehensive income	-	3,702,492	3,702,492
Balance at 31 December 2020	<u>100,000</u>	<u>6,495,638</u>	<u>6,595,638</u>
Changes in equity			
Total comprehensive income	-	1,931,568	1,931,568
Balance at 31 December 2021	<u><u>100,000</u></u>	<u><u>8,427,206</u></u>	<u><u>8,527,206</u></u>

Statement of Cash Flows
for the year ended 31 December 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	18	(502,492)	439,702
Finance costs paid		(1,925)	(1,235)
Tax paid		333,828	414,032
Net cash from operating activities		<u>(170,589)</u>	<u>852,499</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(71,312)	(433,789)
Interest received		76,856	30,269
Net cash from investing activities		<u>5,544</u>	<u>(403,520)</u>
(Decrease)/increase in cash and cash equivalents		<u>(165,045)</u>	<u>448,979</u>
Cash and cash equivalents at beginning of year	19	990,912	541,933
Cash and cash equivalents at end of year	19	<u>825,867</u>	<u>990,912</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 31 December 2021

1. **Statutory information**

Connect44 Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The financial statements are prepared in pounds sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound (£).

2. **Accounting policies**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and cash flows in making their assessment. Based on these assessments and the current resources available, the Directors have concluded that they can continue to adopt the going concern bases in preparing the annual report and accounts.

Significant judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

There is estimation uncertainty in calculating bad debt provisions. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

There is also estimation uncertainty in calculating the year end net book value of tangible fixed assets. Whilst every attempt is made to ensure that depreciation charges are as accurate as possible, there remains a risk that the provisions do not match the ultimate value of assets held.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding 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 are recoverable.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	- Straight line over the life of the lease
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Notes to the Financial Statements - continued
for the year ended 31 December 2021

2. **Accounting policies - continued**

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost at the undiscounted amount. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Taxation

Taxation for year comprises current and deferred tax. Tax is recognised in the income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable or receivable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The company is a beneficiary of Research & Development (R&D) tax relief from the UK Government in the form of reductions in its annual tax liability, as well as repayable tax credits. Current tax assets or reductions in current tax liabilities for R&D claims are only recognised when the amount can be reliably determined and the probability of HM Revenue & Customs accepting the claim is considered high.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued
for the year ended 31 December 20213. **Turnover**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
United Kingdom	27,713,964	32,835,285
Europe	264,350	451,653
	<u>27,978,314</u>	<u>33,286,938</u>

4. **Employees and directors**

	2021 £	2020 £
Wages and salaries	2,646,650	2,174,820
Social security costs	378,842	236,822
Other pension costs	43,660	31,445
	<u>3,069,152</u>	<u>2,443,087</u>

The average number of employees during the year was as follows:

	2021	2020
Project staff	97	84
Administrative staff	37	28
	<u>134</u>	<u>112</u>

5. **Directors' emoluments**

	2021 £	2020 £
Directors' remuneration	<u>756,174</u>	<u>557,535</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	2021 £	2020 £
Emoluments etc	<u>400,917</u>	<u>304,865</u>

6. **Interest payable and similar expenses**

	2021 £	2020 £
Group interest payable	<u>1,925</u>	<u>1,235</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2021

7. Profit before taxation

The profit is stated after charging:

	2021	2020
	£	£
Other operating leases	290,736	331,975
Depreciation - owned assets	161,600	92,525
Loss on disposal of fixed assets	5,951	-
Auditors remuneration	20,000	11,550
Other non- audit services	104,500	109,450
Foreign exchange differences	<u>77,376</u>	<u>104,383</u>

8. Taxation

Analysis of the tax credit

The tax credit on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	(267,366)	(319,416)
Deferred tax	<u>(196,982)</u>	<u>64,162</u>
Tax on profit	<u>(464,348)</u>	<u>(255,254)</u>

UK corporation tax has been charged at 19% (2020 - 19%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before tax	<u>1,467,220</u>	<u>3,447,238</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	278,772	654,975
Effects of:		
Expenses not deductible for tax purposes	41,939	32,992
Capital allowances in excess of depreciation	(16,695)	(87,395)
Utilisation of tax losses	(289,414)	-
Adjustments to tax charge in respect of previous periods	(267,366)	(319,416)
Enhanced research and development allowance	-	(587,017)
Movement in deferred tax	(196,982)	64,162
Non trade loan relationships	(14,602)	(5,751)
Tax claim adjustment		
UK land and building	-	(7,804)
Total tax credit	<u>(464,348)</u>	<u>(255,254)</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2021

9. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 January 2021	18,816	66,822	9,417	772,030	867,085
Additions	16,591	1,928	-	52,793	71,312
Disposals	(16,415)	-	-	-	(16,415)
At 31 December 2021	<u>18,992</u>	<u>68,750</u>	<u>9,417</u>	<u>824,823</u>	<u>921,982</u>
Depreciation					
At 1 January 2021	6,101	51,492	4,708	225,378	287,679
Charge for year	7,681	5,833	2,356	145,730	161,600
Eliminated on disposal	(10,464)	-	-	-	(10,464)
At 31 December 2021	<u>3,318</u>	<u>57,325</u>	<u>7,064</u>	<u>371,108</u>	<u>438,815</u>
Net book value					
At 31 December 2021	<u>15,674</u>	<u>11,425</u>	<u>2,353</u>	<u>453,715</u>	<u>483,167</u>
At 31 December 2020	<u>12,715</u>	<u>15,330</u>	<u>4,709</u>	<u>546,652</u>	<u>579,406</u>

10. Debtors: amounts falling due within one year

	2021 £	2020 £
Trade debtors	3,047,994	3,375,169
Amounts owed by group undertakings	6,148,697	3,835,761
Other debtors	2,043,361	3,419,658
Deferred tax asset	88,714	-
Prepayments and accrued income	1,631,762	2,570,899
	<u>12,960,528</u>	<u>13,201,487</u>

11. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	63,837	161,234
Amounts owed to group undertakings	1,078,946	18,675
Tax	67,322	1,065
Social security and other taxes	280,785	321,445
VAT	529,719	2,381,510
Other creditors	863,401	739,736
Group recharge provisions	93,164	-
Accruals and deferred income	2,765,182	4,444,439
	<u>5,742,356</u>	<u>8,068,104</u>

12. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021 £	2020 £
Within one year	185,735	230,794
Between one and five years	60,653	207,596
	<u>246,388</u>	<u>438,390</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2021

13.	Provisions for liabilities			2020
				£
	Deferred tax			<u>108,063</u>
				Deferred tax
				£
	Balance at 1 January 2021			108,063
	Movement in the year			<u>(196,777)</u>
	Balance at 31 December 2021			<u>(88,714)</u>
14.	Called up share capital			
	Allotted, issued and fully paid:			
	Number:	Class:	Nominal value:	2021
				£
	100,000	Ordinary shares	£1	<u>100,000</u>
				<u>100,000</u>
15.	Reserves			Retained earnings
				£
	At 1 January 2021			6,495,638
	Profit for the year			<u>1,931,568</u>
	At 31 December 2021			<u>8,427,206</u>
16.	Ultimate parent company			
	Connect 44 AG (incorporated in Switzerland) is regarded by the directors as being the company's ultimate parent company.			
	The registered office for the ultimate parent company is:			
	Connect44 AG Head Office Alpenquai 10 6005 Lucerne Switzerland			
17.	Related party disclosures			
	The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.			

Notes to the Financial Statements - continued
for the year ended 31 December 2021

18. Reconciliation of profit before taxation to cash generated from operations

	2021	2020
	£	£
Profit before taxation	1,467,220	3,447,238
Depreciation charges	161,600	92,525
Loss on disposal of fixed assets	5,951	-
Finance costs	1,925	1,235
Finance income	<u>(76,856)</u>	<u>(30,269)</u>
	1,559,840	3,510,729
Decrease/(increase) in trade and other debtors	329,673	(7,350,321)
(Decrease)/increase in trade and other creditors	<u>(2,392,005)</u>	<u>4,279,294</u>
Cash generated from operations	<u><u>(502,492)</u></u>	<u><u>439,702</u></u>

19. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2021

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	<u>825,867</u>	<u>990,912</u>

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	<u>990,912</u>	<u>541,933</u>

20. Analysis of changes in net funds

	At 1/1/21	Cash flow	At 31/12/21
	£	£	£
Net cash			
Cash at bank and in hand	<u>990,912</u>	<u>(165,045)</u>	<u>825,867</u>
	<u>990,912</u>	<u>(165,045)</u>	<u>825,867</u>
Total	<u><u>990,912</u></u>	<u><u>(165,045)</u></u>	<u><u>825,867</u></u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.