

Company Registration No. 04190929 (England and Wales)

SUBEX (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

SUBEX (UK) LIMITED

COMPANY INFORMATION

Directors	Mr V Padmanabhan Mr A Chandanmal Singhvi (Appointed 5 November 2018) Mr V Gopalamudram Srinivasan (Appointed 5 November 2018)
Company number	04190929
Registered office	First Floor Rama Apartments 17 St. Anns Road Harrow Middlesex HA1 1JU
Auditor	Ensors Accountants LLP Cardinal House 46 St Nicholas Street Ipswich Suffolk IP1 1TT
Bankers	Lloyds Bank Plc 39 Threadneedle Street London EC2R 8AV

SUBEX (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUBEX (UK) LIMITED

Opinion

We have audited the financial statements of Subex (UK) Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 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 March 2019 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 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 our 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.

SUBEX (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SUBEX (UK) LIMITED

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Barry Gostling (Senior Statutory Auditor)
for and on behalf of Ensors Accountants LLP

10-05-2019

Chartered Accountants
Statutory Auditor

Cardinal House
46 St Nicholas Street
Ipswich
Suffolk
IP1 1TT

SUBEX (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	20,785	19,461
Cost of sales		(18,880)	(18,103)
Gross profit		1,905	1,358
Administrative expenses		(341)	(2,225)
Other operating income		-	34
Exceptional item	4	-	(3,655)
Operating profit/(loss)	5	1,564	(4,488)
Interest receivable and similar income	7	327	278
Interest payable and similar expenses	8	-	(1)
Amounts written off investments	9	-	(5,070)
Profit/(loss) before taxation		1,891	(9,281)
Tax on profit/(loss)	10	(436)	253
Profit/(loss) for the financial year		1,455	(9,028)

The Income Statement has been prepared on the basis that all operations are continuing operations.

SUBEX (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	11	115	204
Current assets			
Debtors	14	9,961	11,195
Cash at bank and in hand		2,253	934
		<u>12,214</u>	<u>12,129</u>
Creditors: amounts falling due within one year	15	<u>(8,152)</u>	<u>(9,611)</u>
Net current assets		<u>4,062</u>	<u>2,518</u>
Total assets less current liabilities		<u>4,177</u>	<u>2,722</u>
Capital and reserves			
Called up share capital	18	51	51
Share premium account		26,531	26,531
Profit and loss reserves		<u>(22,405)</u>	<u>(23,860)</u>
Total equity		<u>4,177</u>	<u>2,722</u>

The financial statements were approved by the board of directors and authorised for issue on 10-05-19 and are signed on its behalf by:


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Mr V. Gopalamudram Srinivasan
Director

Company Registration No. 04190929

SUBEX (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Share premium account	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2017	51	26,531	(14,832)	11,750
Year ended 31 March 2018:				
Loss and total comprehensive income for the year	-	-	(9,028)	(9,028)
Balance at 31 March 2018	51	26,531	(23,860)	2,722
Year ended 31 March 2019:				
Profit and total comprehensive income for the year	-	-	1,455	1,455
Balance at 31 March 2019	51	26,531	(22,405)	4,177

SUBEX (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	£'000	2018 £'000	£'000
Cash flows from operating activities					
Cash generated from operations	25		1,061		54
Income taxes refunded/(paid)			60		(77)
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			1,121		(23)
Investing activities					
Purchase of tangible fixed assets		(35)		(6)	
Purchase of subsidiary		-		614	
Proceeds on disposal of fixed asset investments		-		(5,070)	
Interest received		327		278	
		<u> </u>		<u> </u>	
Net cash generated from/(used in) investing activities			292		(4,184)
Financing activities					
Interest paid		-		(1)	
Payment of finance leases obligations		(94)		(87)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(94)		(88)
			<u> </u>		<u> </u>
Net increase/(decrease) in cash and cash equivalents			1,319		(4,295)
Cash and cash equivalents at beginning of year			934		5,229
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			2,253		934
			<u> </u>		<u> </u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies:

Company information

Subex (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is First Floor Rama Apartments, 17 St. Anns Road, Harrow, Middlesex, HA1 1JU.

1.1 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 £'000.

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

This 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;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Subex Limited. These consolidated financial statements are available from its registered office, RMZ EcoWorld, Outer Ring Road, Devarabasarahalli, Bangalore - 560 103, Karnataka, India.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Subex (UK) Limited is a wholly owned subsidiary of Subex Limited and the results of Subex (UK) Limited are included in the consolidated financial statements of Subex Limited which are publically available.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.3 Turnover

Revenue represents the amount derived from customers for goods and services provided, excluding value added tax.

Implementation, consultancy and development services

Implementation, consultancy and development services are generally fixed price contracts or are invoiced on a time and materials basis. Revenue and profit on fixed price contracts are recognised in accordance with long term accounting principles set out in SSAP 9 reflecting percentage of completion method. Profit is not recognised until all fundamental performance hurdles have been overcome. Revenue in respect of time and materials contracts is recognised as the work is performed. Where the implementation services offered by the company in respect of these arrangements are not essential to the functionality of the software this can be performed by other suppliers, these are described in the arrangement such that the total price of the arrangement would be expected to vary as a result of the inclusion or exclusion of these services, these services are accounted for as a separate element of the arrangement.

Maintenance and support contracts

Revenues related to significant post contract support agreements (e.g. maintenance) are deferred and recognised on a straight line basis over the period of the agreements. Where the company sells software which includes a significant element of customer specific development and the service portion cannot be separated from the contract as a whole, the entire arrangement including the software component is accounted for as a long term contract.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Hosting services

Hosting services are accounted for in accordance with usage either based on a quarterly budget order or in accordance with the original contract.

Software sales

Sales of software products are recognised on delivery provided no significant vendor obligations remain with the exception of own product term licence and support agreements.

Licences and subscriptions

When sold separately, revenue from the sale of additional software licences are recognised on the transfer of such licences.

Licences incorporated into a total contract price are deferred, and recognised in accordance with the percentage of completion method.

Long Term Contracts

In certain circumstances contracts are accounted for as long term contracts; in these cases turnover reflects the contract activity during the year and represents the proportion of the total contract value which costs incurred to date bear to total expected costs.

The attributable profit on long term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit reflects the proportion of work completed to date on the project.

Costs associated with long term contracts are included in stock to the extent that they cannot be matched with contract work included in turnover. Long term contract balances included in stock are stated at cost, after provision has been made for foreseeable losses and the deduction of applicable payments on account.

Work in progress

Short term work in progress is valued at the lower of cost and net realisable value; with provision for any foreseeable losses where appropriate.

1.4 Tangible fixed assets

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

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	3 to 5 years
Fixtures, fittings & equipment	2 to 5 years
Computer equipment	2 to 4 years

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.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

1.6 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.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 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 in the company's statement of financial position 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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.

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, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments:

Equity instruments issued by the company are recorded at the 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.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

1.11 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.

Where material, 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.

1.12 Retirement benefits

Defined contribution scheme

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.15 Employee share schemes

The cost of awards to employees that take the form of shares or rights to shares is recognised over the period of the vesting of the shares. Employees have been awarded shares under the ESOP plan of the parent Subex Limited and the same is valued using the Black and Scholes model for valuing options. The cost of the share scheme is recognised in the profit and loss account and a credit is recognised in equity being a capital contribution from the parent undertaking.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the customer, the ageing profile of debtors, whether covered by insurance and historical experience.

3 Turnover and other revenue

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

	2019 £'000	2018 £'000
Turnover analysed by class of business		
Sale and implementation of telecommunications software	20,785	19,461
	<u>2019</u> £'000	<u>2018</u> £'000
Other significant revenue		
Interest income	327	278

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

3	Turnover and other revenue	(Continued)	
		2019	2018
		£'000	£'000
	Turnover analysed by geographical market		
	UK	4,726	3,964
	EC Countries	2,151	2,112
	Non EC Countries	13,908	13,385
		<u>20,785</u>	<u>19,461</u>
4	Exceptional costs/(Income)	2019	2018
		£'000	£'000
	Release of intercompany loan	-	3,655
		<u>-</u>	<u>3,655</u>
5	Operating profit/(loss)	2019	2018
		£'000	£'000
	Operating profit/(loss) for the year is stated after charging/(crediting):		
	Exchange (gains)/losses	(545)	1,093
	Fees payable to the company's auditor for the audit of the company's financial statements	31	40
	Depreciation of owned tangible fixed assets	38	45
	Depreciation of tangible fixed assets held under finance leases	86	86
	Operating lease charges	119	201
		<u>119</u>	<u>201</u>
6	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		2019	2018
		Number	Number
	Development, delivery and support	21	24
	Management, sales and administration	24	23
		<u>45</u>	<u>47</u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

		(Continued)	
6	Employees		
	Their aggregate remuneration comprised:		
		2019	2018
		£'000	£'000
	Wages and salaries	3,402	3,263
	Social security costs	285	320
	Pension costs	264	235
		<u>3,951</u>	<u>3,838</u>
7	Interest receivable and similar income		
		2019	2018
		£'000	£'000
	Interest income		
	Other interest income	327	278
		<u>327</u>	<u>278</u>
8	Interest payable and similar expenses		
		2019	2018
		£'000	£'000
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	-	1
		<u>-</u>	<u>1</u>
9	Amounts written off investments		
	fixed asset investments		
		2019	2018
		£'000	£'000
	Other gains and losses	-	(5,070)
		<u>-</u>	<u>(5,070)</u>
10	Taxation		
		2019	2018
		£'000	£'000
	Current tax:		
	UK corporation tax on profits for the current period	523	(94)
		<u>523</u>	<u>(94)</u>
	Deferred tax:		
	Origination and reversal of timing differences	(87)	(159)
		<u>(87)</u>	<u>(159)</u>
	Total tax charge	436	(253)
		<u>436</u>	<u>(253)</u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit/(loss) before taxation	1,891	(9,281)
Expected tax charge based on a corporation tax rate of 19.00% (2018 - 19.00%)	359	(1,763)
Tax effect of expenses that are not deductible in determining taxable profit	4	1,721
Change in unrecognised deferred tax assets	(12)	(79)
Effect of change in corporation tax rate	-	6
Permanent capital allowances in excess of depreciation	(48)	(47)
Other permanent differences	-	9
Under/(over) provided in the year	395	(266)
Deferred tax adjustments in respect of prior years	-	(79)
Foreign tax adjustments	(261)	245
Tax expense for the year	436	(253)

11 Tangible fixed assets

	Land and buildings Leasehold £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 2018	52	80	1,268	1,398
Additions	-	1	34	35
At 31 March 2019	52	81	1,300	1,433
Depreciation and impairment				
At 1 April 2018	52	54	1,088	1,194
Depreciation charged in the year	-	12	112	124
At 31 March 2019	52	66	1,200	1,318
Carrying amount				
At 31 March 2019	-	15	100	115
At 31 March 2018	-	26	178	204

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £'000	2018 £'000
Computer equipment	60	146

12 Fixed asset investments

	2019 £'000	2018 £'000
Investments in subsidiaries	-	-

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13 Financial instruments

	2019 £'000	2018 £'000
Carrying amount of financial assets:		
Debt instruments measured at amortised cost	9,576	10,683
Carrying amount of financial liabilities		
Measured at amortised cost	7,294	8,236

14 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	3,442	3,912
Corporation tax recoverable	8	221
Amounts owed by group undertakings	3,912	5,075
Other debtors	1	1
Prepayments and accrued income	2,351	1,827
	9,715	11,036
Deferred tax asset (note 17)	246	159
	9,961	11,195

15 Creditors: amounts falling due within one year

	Notes	2019 £'000	2018 £'000
Obligations under finance leases	16	43	137
Trade creditors		49	17
Amounts due to group undertakings		5,740	6,788
Corporation tax		485	114
Other taxation and social security		224	296
Deferred income	19	149	966
Other creditors		984	584
Accruals		478	709
		9,152	9,611

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

16 Finance lease obligations

	2019	2018
	£'000	£'000
Future minimum lease payments due under finance leases:		
Within one year	43	137

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 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 reporting purposes:

	Assets 2019 £'000	Assets 2018 £'000
Balances:		
ACAs	19	12
Timing differences	227	147
	<u>246</u>	<u>159</u>
Movements in the year:		2019 £'000
Liability/(Asset) at 1 April 2018		(159)
Credit to profit or loss		(87)
Liability/(Asset) at 31 March 2019		<u>(246)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

18 Share capital

	2019 £'000	2018 £'000
Ordinary share capital issued and fully paid		
5,039,565,245 ordinary shares of 0.00001p each	51	51
	<u>51</u>	<u>51</u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

19	Deferred income		
		2019	2018
		£'000	£'000
	Other deferred income	149	966
		<u> </u>	<u> </u>

20	Retirement benefit schemes		
		2019	2018
		£'000	£'000
	Defined contribution schemes		
	Charge to profit or loss in respect of defined contribution schemes	264	236
		<u> </u>	<u> </u>

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

21 Financial commitments, guarantees and contingent liabilities

At the year end the company had a bank guarantee in place (performance bond) totalling £38,652 (AED:190,000) (2017: £35,896 (AED:190,000)).

22 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties. Leases are negotiated for an average term of no more than 5 years and rentals are fixed.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£'000	£'000
Within one year	70	136
Between two and five years	-	66
	<u> </u>	<u> </u>
	70	202
	<u> </u>	<u> </u>

23 Related party transactions

The Company is a wholly-owned member of Subex Limited and as such has taken advantage of the exemption permitted by Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with other wholly-owned members of the Group.

24 Ultimate controlling party

The directors consider the ultimate controlling party to be Subex Limited, a company incorporated and registered in India.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

25 Cash generated from operations	2019	2018
	£'000	£'000
Profit/(loss) for the year after tax	1,455	(9,028)
Adjustments for:		
Taxation charged/(credited)	436	(253)
Finance costs	-	1
Investment income	(327)	(278)
Depreciation and impairment of tangible fixed assets	124	131
Amounts written off investments	-	5,070
Movements in working capital:		
Decrease in debtors	1,109	6,517
(Decrease) in creditors	(919)	(1,747)
(Decrease) in deferred income	(817)	(359)
Cash generated from operations	1,051	54
