

Company Registration No. 04190929 (England and Wales)

SUBEX (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

SUBEX (UK) LIMITED

COMPANY INFORMATION

Directors	Mr V Padmanabhan Mr A Chandanmal Singhvi Mr V Gopalamudram Srinivasan Mr J More Bury Ms N Dutt	(Appointed 15 March 2021)
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 HSBC Bank Ltd 99 High Street Chelmsford Essex CM1 1EQ	

SUBEX (UK) LIMITED

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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 2021 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 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 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 *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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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.

In planning our audit programmes, we identify and assess the risk of material misstatement within the financial statements, whether due to fraud or error. In assessing the risks, consideration is given to the control environment (including management's own process for identification and risk assessment) as well as the nature of the entity, the industry in which it operates and the underlying performance. Consideration is also given to the attitudes and incentives of management to commit fraud, with specific procedures planned and performed to respond to the risk of inappropriate management override of controls.

We also obtained an understanding of the applicable laws and regulations that the company has to adhere to, through discussions with management and those charged with governance, as well as commercial knowledge of the sector and statutory legislation, in order to determine the key laws and regulations applicable to the company.

SUBEX (UK) LIMITED

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

After assessing the risk of fraud, we performed audit procedures to gain assurance regarding fraud and management override as follows:

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Assessment of key accounting estimates within the financial statements in order to assess their reasonableness (including a retrospective review of outcomes against prior year estimations) and determine whether there is any bias in the estimates.
- Review of meeting minutes of directors and those charged with governance
- Enquiring of management as to whether they are aware of any alleged, suspected or actual fraud during the year

We also performed procedures to satisfy ourselves regarding compliance with applicable laws and regulations, including:

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims
- Reviewing minutes of meetings of those charged with governance.
- Reviewing correspondence with relevant legal authorities
- Reviewing legal expense accounts for any indicators of litigations

All audit team members were made aware of the applicable laws and regulations, as well as potential fraud risks during the planning stage of the audit and this was discussed at the audit team planning meeting. It was therefore determined that team members all had the relevant awareness and competence to identify any instances of non-compliance or fraud.

There are, however, inherent limitations to our above audit procedures. Auditing standards only require us to enquire of the directors and management regarding non-compliance with laws and regulations, as well as review regulatory and legal correspondence (if there is any). It is therefore possible that instances of non-compliance could be missed, particularly where the the law in itself is far removed from any financial transactions.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SUBEX (UK) LIMITED

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

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

12th May 2021

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 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	21,505	24,209
Cost of sales		(20,229)	(23,217)
Gross profit		<u>1,276</u>	<u>992</u>
Administrative expenses		(77)	(437)
Other operating income		77	240
Exceptional items	4	1,565	1,650
Operating profit	5	<u>2,841</u>	<u>2,445</u>
Interest receivable and similar income	8	13	(699)
Interest payable and similar expenses	9	(2)	-
Profit before taxation		<u>2,852</u>	<u>1,746</u>
Tax on profit	10	(355)	(540)
Profit for the financial year		<u><u>2,497</u></u>	<u><u>1,206</u></u>

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

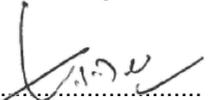
SUBEX (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		111		149
Current assets					
Debtors	14	10,073		8,485	
Cash at bank and in hand		2,494		2,951	
		<u>12,567</u>		<u>11,436</u>	
Creditors: amounts falling due within one year	15	<u>(4,798)</u>		<u>(6,202)</u>	
Net current assets			7,769		5,234
Net assets			<u>7,880</u>		<u>5,383</u>
Capital and reserves					
Called up share capital	19		51		51
Share premium account	20		5,332		26,531
Profit and loss reserves			2,497		(21,199)
Total equity			<u>7,880</u>		<u>5,383</u>

The financial statements were approved by the board of directors and authorised for issue on ...12th May 2021 and are signed on its behalf by:


.....
Mr V Gopalamudram Srinivasan
Director



Company Registration No. 04190929

SUBEX (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2019		51	26,531	(22,405)	4,177
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	1,206	1,206
Balance at 31 March 2020		51	26,531	(21,199)	5,383
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	2,497	2,497
Capital Reduction	19	-	(21,199)	21,199	-
Balance at 31 March 2021		51	5,332	2,497	7,880

SUBEX (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from operations	26		140		2,191
Income taxes paid			(559)		(594)
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(419)		1,597
Investing activities					
Purchase of tangible fixed assets		(36)		(157)	
Interest received		-		(699)	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(36)		(856)
Financing activities					
Interest paid		(2)		-	
Payment of finance leases obligations		-		(43)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(2)		(43)
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents			(457)		698
Cash and cash equivalents at beginning of year			2,951		2,253
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>2,494</u>		<u>2,951</u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 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 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, Devarabisanahalli, 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, on the basis of continued parental support.

The use of the going concern principle has been adopted after considering the potential impact of Covid-19 on the group and consequently, the company. It has not been deemed that Covid-19 has had a material adverse effect on the group, nor the company.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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 2021

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.

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.

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 and cash equivalents 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.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.10 Taxation

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

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 its more likely than not that they will be recovered. Deferred tax is measure using rate 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

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 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.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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:

	2021 £'000	2020 £'000
Turnover analysed by class of business		
Sale and implementation of telecommunications software	21,505	24,209
	<u>21,505</u>	<u>24,209</u>
	2021 £'000	2020 £'000
Other significant revenue		
Interest income	13	(699)
	<u>13</u>	<u>(699)</u>
	2021 £'000	2020 £'000
Turnover analysed by geographical market		
UK	3,435	3,256
EC Countries	1,541	2,252
Non EC Countries	16,529	18,701
	<u>21,505</u>	<u>24,209</u>
	2021 £'000	2020 £'000
4 Exceptional item		
Income		
Reversal of intercompany loan impairment	(1,565)	(1,650)
	<u>(1,565)</u>	<u>(1,650)</u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

(Continued)

4 Exceptional item

Included within exceptional items is the reversal of an intercompany loan impairment that was initially recognised within the year to 31st March 2018.

The principal loan balance was fully repaid during the year and the loan impairment has been reversed to that extent. Loan interest accrued remains outstanding and has been left fully provided for.

5 Operating profit

	2021	2020
	£'000	£'000
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	31	31
Depreciation of owned tangible fixed assets	74	65
Depreciation of tangible fixed assets held under finance leases	-	58
Operating lease charges	120	117
	<u> </u>	<u> </u>

6 Employees

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

	2021	2020
	Number	Number
Development, delivery and support	17	19
Management, sales and administration	20	22
	<u> </u>	<u> </u>
Total	37	41
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021	2020
	£'000	£'000
Wages and salaries	2,751	2,493
Social security costs	213	231
Pension costs	271	256
	<u> </u>	<u> </u>
	3,235	2,980
	<u> </u>	<u> </u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

7	Directors' remuneration	2021	2020
		£'000	£'000
	Remuneration for qualifying services	130	-
		<u> </u>	<u> </u>
8	Interest receivable and similar income	2021	2020
		£'000	£'000
	Interest income		
	Interest receivable from group companies	13	208
	Interest waived from group companies		(950)
	Other interest income	-	43
		<u> </u>	<u> </u>
	Total income	13	(699)
		<u> </u>	<u> </u>
9	Interest payable and similar expenses	2021	2020
		£'000	£'000
	Other interest	2	-
		<u> </u>	<u> </u>
10	Taxation	2021	2020
		£'000	£'000
	Current tax		
	UK corporation tax on profits for the current period	25	-
		<u> </u>	<u> </u>
	Total UK current tax	25	-
		<u> </u>	<u> </u>
	Foreign current tax on profits for the current period	369	420
		<u> </u>	<u> </u>
	Total current tax	394	420
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	(39)	120
		<u> </u>	<u> </u>
	Total tax charge	355	540
		<u> </u>	<u> </u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Taxation

(Continued)

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

	2021 £'000	2020 £'000
Profit before taxation	2,852	1,746
Expected tax charge based on a corporation tax rate of 19.00% (2020 - 19.00%)	542	332
Tax effect of expenses that are not deductible in determining taxable profit	-	4
Tax effect of income not taxable in determining taxable profit	(297)	(359)
Change in unrecognised deferred tax assets	-	187
Double tax relief	83	-
Permanent capital allowances in excess of depreciation	-	1
Research and development tax credit	(15)	-
Other permanent differences	(75)	(69)
Deferred tax adjustments in respect of prior years	18	24
Foreign tax adjustments	397	420
Withholding taxes suffered	(111)	-
Deferred tax not recognised	(187)	-
Tax expense for the year	355	540

11 Tangible fixed assets

	Land and buildings Leasehold £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 2020	52	68	865	985
Additions	-	-	36	36
At 31 March 2021	52	68	901	1,021
Depreciation and impairment				
At 1 April 2020	52	63	721	836
Depreciation charged in the year	-	4	70	74
At 31 March 2021	52	67	791	910
Carrying amount				
At 31 March 2021	-	1	110	111
At 31 March 2020	-	5	144	149

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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.

	2021 £'000	2020 £'000
Computer equipment	-	2

12 Fixed asset investments

	Notes	2021 £'000	2020 £'000
Investments in subsidiaries	13	5,070	5,070
Less Impairment of Investments	13	(5,070)	(5,070)
Total		-	-

13 Subsidiaries

Separate company financial statements are required to be prepared by law. Consolidated financial statements for the Subex Limited Group are prepared and publicly available.

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Subex (Asia Pacific) Pte Limited	Singapore	Ordinary shares	100.00
Subex Inc	USA	Ordinary shares	100.00

Registered office addresses:

- 175A Bencoolen Street, 08-03 Burlington Square, Singapore - 189650
- 12303 Airport Way, Building 1, Suite 390, Broomfield, CO 80021

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Debtors

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	4,276	5,105
Corporation tax recoverable	52	-
Amounts owed by group undertakings	2,194	876
Other debtors	63	-
Prepayments and accrued income	3,323	2,378
	<hr/>	<hr/>
	9,908	8,359
Deferred tax asset (note 16)	165	126
	<hr/>	<hr/>
	<u>10,073</u>	<u>8,485</u>

15 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
	Notes	
Trade creditors	50	259
Amounts due to group undertakings	1,661	2,885
Corporation tax	189	302
Other taxation and social security	409	289
Deferred income	17	1,452
Other creditors	670	473
Accruals	500	542
	<hr/>	<hr/>
	4,798	6,202
	<hr/>	<hr/>

16 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	Assets
	2021	2020
	£'000	£'000
Balances:		
ACAs	7	7
Timing differences	158	119
	<hr/>	<hr/>
	165	126
	<hr/>	<hr/>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

16 Deferred taxation	(Continued)
	2021
	£'000
Movements in the year:	
Asset at 1 April 2020	(126)
Credit to profit or loss	(39)
	<u> </u>
Asset at 31 March 2021	<u>(165)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to accelerated capital allowances and short term timing differences that are expected to mature within the same period.

17 Deferred income	2021	2020
	£'000	£'000
Other deferred income	1,319	1,452
	<u> </u>	<u> </u>

18 Retirement benefit schemes	2021	2020
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	271	256
	<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.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

19 Share capital

	2021 £'000	2020 £'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>
	<u><u>51</u></u>	<u><u>51</u></u>

During the year ended 31st March 2021, the company operated an Equity Settled Option Plan (ESOP) whereby shares in the parent entity are issued to employees of Subex (UK) Limited.

At the Year End, there were 8 (2020: 8) employees and 1 (2020: 1) director holding a total of 2,400,000 (2020: 2,500,000) options over ordinary shares in the parent company at an exercise price of 6 Rupees (grant date 7th February 2020). The options are exercisable if the employee meets certain performance criteria over the vesting period.

During the year, a total of 0 (2020: 2,500,000 at an exercise price of 6 Rupees) options were granted.

During the year a total of 0 (2020: 0) options lapsed / expired.

During the year a total of 100,000 (2020: 0) options were exercised.

No expense (2020: £nil) was recognised within the profit and loss account in respect of the equity settled share based payments granted during the year.

20 Share premium account

During the year, the company affected a capital reduction, whereby the balance on the share premium account was reduced to the extent of the negative retained earnings as at 31st March 2020. This has had the effect of eliminating the retained deficit of £21,199 (£'000) and reducing the share premium account down to £5,332 (£'000).

21 Financial commitments, guarantees and contingent liabilities

At the year end the company had a bank guarantee in place (performance bond) totalling £40,872 (AED:190,000) (2020: £42,002 (AED:190,000)).

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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:

	2021 £'000	2020 £'000
Within one year	115	115
Between two and five years	299	414
	<u>414</u>	<u>529</u>

23 Events after the reporting date

Subsequent to the Year End, there has been a spike in Covid-19 cases throughout India, where the operations of the group are headed up. This has led to curfews and additional restrictions in place throughout the country.

Subex (UK) Limited regards this as a non-adjusting Post Balance Sheet event, on the basis that employees are able to continue working from home and that a robust continuity plan is in place to protect the skeleton functions of the business. The customers of Subex (UK) Limited are largely outside of India too, mitigating the impact of the current spike on operations.

24 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.

25 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 2021

26 Cash generated from operations

	2021	2020
	£'000	£'000
Profit for the year after tax	2,497	1,206
Adjustments for:		
Taxation charged	355	540
Finance costs	2	-
Depreciation and impairment of tangible fixed assets	74	123
Movements in working capital:		
(Increase)/decrease in debtors	(1,497)	1,347
Decrease in creditors	(1,158)	(3,027)
(Decrease)/increase in deferred income	(133)	1,303
Cash generated from operations	<u>140</u>	<u>2,191</u>

27 Analysis of changes in net funds

	1 April 2020	Cash flows	31 March 2021
	£'000	£'000	£'000
Cash at bank and in hand	2,951	(457)	2,494
	<u>2,951</u>	<u>(457)</u>	<u>2,494</u>

SUBEX (UK) LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021

SUBEX (UK) LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£'000	£'000
Administrative expenses		
Wages and salaries	(130)	-
Directors' remuneration	130	-
Rent re operating leases	120	117
Audit fees	31	31
Bank charges	28	36
Bad and doubtful debts	(179)	123
Telecommunications	(1)	3
Sundry expenses	4	4
Depreciation	74	123
	<u>77</u>	<u>437</u>

SUBEX (UK) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	£'000	2021 £'000	£'000	2020 £'000
Turnover				
Sales of goods		21,505		24,209
Cost of sales				
Raw materials purchases	107		408	
Wages and salaries	2,751		2,493	
Social security costs	213		231	
Staff recruitment costs	22		-	
Staff pension costs defined contribution	271		256	
Redundancy costs	21		(4)	
Third Party Commissions payable	76		63	
Spare account - cost of goods sold	16,768		19,770	
		<u>(20,229)</u>		<u>(23,217)</u>
Gross profit		1,276		992
Other operating income				
Research & Development Tax Credits	77		240	
		77		240
Administrative expenses		(77)		(437)
Exceptional items				
Reversal of intercompany loan impairment	1,565		1,650	
Operating profit		<u>2,841</u>		<u>2,445</u>
Investment revenues				
Interest receivable from group companies	13		(742)	
Other interest received on financial instruments	-		32	
Other interest received on financial instruments	-		11	
		13		(699)
Interest payable and similar expenses				
Interest on overdue taxation - not financial liabilities		(2)		-
Profit before taxation		<u>2,852</u>		<u>1,746</u>
