

SUBEX (UK) LIMITED

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

We have audited the financial statements of Subex (UK) Limited for the year ended 31 March 2016 set out on pages 8 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on , the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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

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.



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

Chartered Accountants
Statutory Auditor

23 MAY 2016

Cardinal House
46 St Nicholas Street
Ipswich
Suffolk
IP1 1TT

SUBEX (UK) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	17,307	17,660
Cost of sales		(16,153)	(16,113)
Gross profit		1,154	1,547
Administrative expenses		141	225
Other operating income		70	-
Exceptional item	4	(6,489)	-
Operating (loss)/profit	5	(5,124)	1,772
Interest receivable and similar income	8	222	162
Interest payable and similar charges	9	(115)	(110)
(Loss)/profit before taxation		(5,017)	1,824
Taxation	10	(301)	(187)
(Loss)/profit for the financial year	18	(5,318)	1,637
Total comprehensive income for the year		(5,318)	1,637


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 2016

	Notes	2016		2015	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		82		52
Current assets					
Debtors	14	28,849		37,827	
Cash at bank and in hand		4,799		3,500	
		33,648		41,327	
Creditors: amounts falling due within one year	15	(23,759)		(26,045)	
Net current assets			9,889		15,282
Total assets less current liabilities			9,971		15,334
Capital and reserves					
Called up share capital	17		51		51
Share premium account			26,531		26,531
Other reserves			5		50
Profit and loss reserves	18		(16,616)		(11,298)
Total equity			9,971		15,334

The financial statements were approved by the board of directors and authorised for issue on 23-05-16 and are signed on its behalf by:


 Mr G Kangeyam Venkataramanan
 Director

Company Registration No. 04190929



SUBEX (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2014		51	26,531	49	(12,935)	13,696
Period ended 31 March 2015:						
Profit and total comprehensive income for the year		-	-	-	1,637	1,637
Transfers		-	-	1	-	1
Balance at 31 March 2015		51	26,531	50	(11,298)	15,334
Period ended 31 March 2016:						
Profit and total comprehensive income for the year		-	-	-	(5,318)	(5,318)
Other		-	-	(45)	-	(45)
Balance at 31 March 2016		51	26,531	5	(16,616)	9,971

SUBEX (UK) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from operations	24		1,623		320
Income taxes paid			(378)		(118)
Net cash inflow from operating activities			1,245		202
Investing activities					
Purchase of tangible fixed assets		(53)		(53)	
Proceeds on disposal of tangible fixed assets		-		2	
Interest received		222		162	
Net cash generated from investing activities			169		111
Financing activities					
Interest paid		(115)		(110)	
Net cash used in financing activities			(115)		(110)
Net increase in cash and cash equivalents			1,299		203
Cash and cash equivalents at beginning of year			3,500		3,297
Cash and cash equivalents at end of year			4,799		3,500

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

Subex (UK) Limited is a 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 on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of Subex (UK) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

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.

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 2016

1 Accounting policies

(Continued)

Hosting services

Hosting services are accounted for in accordance with usage either bases 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 2016

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible 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 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 trade and other receivables 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.

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.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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 direct issue 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.

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 the rate of tax that has 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.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies (Continued)

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 Share-based payments

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the company's estimate of shares or options that will eventually vest.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

1.15 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.

1.16 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.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

3 Turnover and other revenue

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

	2016 £'000	2015 £'000
Turnover		
Sale and implementation of telecommunications software	17,307	17,660
Other significant revenue		
Interest income	222	162
Miscellaneous income	70	-

Turnover analysed by geographical market

	2016 £'000	2015 £'000
UK	3,816	4,296
EC Countries	1,669	2,086
Non EC Countries	11,822	11,278
	17,307	17,660

4 Exceptional costs

	2016 £'000	2015 £'000
Release of intercompany loan	6,489	-

5 Operating (loss)/profit

	2016 £'000	2015 £'000
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(595)	(1,073)
Fees payable to the company's auditors for the audit of the company's financial statements	29	28
Depreciation of owned tangible fixed assets	23	31
Share-based payments	(45)	1
Operating lease charges	221	367

6 Auditors' remuneration

	2016 £'000	2015 £'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	29	28

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

7 Employees

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

	2016 Number	2015 Number
Development, delivery and support	30	33
Management, sales and administration	26	24
	<u>56</u>	<u>57</u>

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	3,491	3,527
Social security costs	390	415
Pension costs	284	278
	<u>4,165</u>	<u>4,220</u>

Included in wages and salaries is a credit of £45,000 (2015: debit of £1,000) in relation to the change of the valuation of the share options at the balance sheet date.

8 Interest receivable and similar income

	2016 £'000	2015 £'000
Interest income		
Other interest income	222	162
	<u>222</u>	<u>162</u>

9 Interest payable and similar charges

	2016 £'000	2015 £'000
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	115	110
	<u>115</u>	<u>110</u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

10 Taxation	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profits for the current period	46	36
Withholding tax suffered	218	128
Total UK current tax	<u>264</u>	<u>164</u>
Foreign current tax on profits for the current period	37	23
Total current tax	<u>301</u>	<u>187</u>
Total tax charge	<u><u>301</u></u>	<u><u>187</u></u>

As per the Chancellor of the Exchequer, the main rate of corporation tax has decreased from 21% to 20% with effect from 1 April 2015.

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2016 £'000	2015 £'000
(Loss)/profit before taxation	<u>(5,017)</u>	<u>1,824</u>
Expected tax charge based on a corporation tax rate of 20.00% (2015 - 21.00%)	(1,003)	383
Tax effect of expenses that are not deductible in determining taxable profit	1,377	(31)
Tax effect of utilisation of tax losses not previously recognised	(324)	(293)
Permanent capital allowances in excess of depreciation	(23)	-
Depreciation on assets not qualifying for tax allowances	5	(21)
Foreign tax adjustments	37	23
Withholding taxes suffered	218	128
Other adjustments	14	(2)
Tax expense for the year	<u><u>301</u></u>	<u><u>187</u></u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

11 Tangible fixed assets

	Land and buildings Leasehold £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 2015	52	52	916	1,020
Additions	-	14	39	53
At 31 March 2016	52	66	955	1,073
Depreciation and impairment				
At 1 April 2015	52	20	896	968
Depreciation charged in the year	-	10	13	23
At 31 March 2016	52	30	909	991
Carrying amount				
At 31 March 2016	-	36	46	82
At 31 March 2015	-	32	20	52

12 Fixed asset investments

		2016 £'000	2015 £'000
Investments in subsidiaries	23	-	-

There are no figures shown above due to the accounts being presented in £'000's thus the rounding shows zero above.

13 Financial instruments

	2016 £'000	2015 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	27,761	35,271
Carrying amount of financial liabilities		
Measured at amortised cost	23,432	25,655

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

14 Debtors	2016	2015
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	3,345	2,256
Amount due from parent undertaking	24,411	33,010
Other debtors	5	5
Prepayments and accrued income	1,088	2,556
	<u>28,849</u>	<u>37,827</u>

15 Creditors: amounts falling due within one year	Notes	2016	2015
		£'000	£'000
Trade creditors		309	391
Amount due to parent undertaking		21,424	23,614
Corporation tax		30	107
Other taxation and social security		297	283
Other creditors		649	782
Accruals and deferred income		1,050	868
		<u>23,759</u>	<u>26,045</u>

16 Retirement benefit schemes

Defined contribution schemes

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.

The charge to profit and loss in respect of defined contribution schemes was £284,000 (2015: £278,000).

17 Share capital	2016	2015
	£'000	£'000
Ordinary share capital Issued and fully paid 5,100,000,000 Ordinary shares of 0.00001p each	51	51

18 Profit and loss reserves

The profit and loss account includes all current and prior period retained profits and losses.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

19 Financial commitments, guarantees and contingent liabilities

At the year end the company had a bank guarantee in place (performance bond) totalling £35,896 (AED:190,000), 2015: £42,473 (AED: 225,469).

During the year, Subex Limited has pledged the shares this company with the State Bank of India to meet its Working Capital requirements.

20 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:

	2016 £'000	2015 £'000
Within one year	221,657	221,038
Between two and five years	378,288	565,756
	<u>599,945</u>	<u>786,794</u>

21 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.

22 Controlling party

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

23 Subsidiaries

These financial statements are separate company financial statements for XXX.

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Subex Inc	United States	Telecommunications software	Ordinary	100.00
Subex (Asia Pacific) Pte Limited	Singapore	Telecommunication software	Ordinary	100.00

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

24 Cash generated from operations	2016 £'000	2015 £'000
(Loss)/profit for the year after tax	(5,318)	1,637
Adjustments for:		
Taxation charged	301	187
Finance costs	115	110
Investment income	(222)	(162)
Depreciation and impairment of tangible fixed assets	23	31
Equity settled share based payment expense	(45)	1
Movements in working capital:		
Decrease in debtors	8,978	455
(Decrease) in creditors	(2,209)	(1,939)
Cash generated from operations	<u>1,623</u>	<u>320</u>