

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2022
FOR
SIGMA CONNECTED LTD**

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FOR THE YEAR ENDED 30 APRIL 2022**

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SIGMA CONNECTED LTD
COMPANY INFORMATION
FOR THE YEAR ENDED 30 APRIL 2022

DIRECTORS:	M J Harfield G E Gilburd
SECRETARY:	Industrial & Commercial Consultancy Ltd
REGISTERED OFFICE:	Grosvenor House Prospect Hill Redditch Worcestershire B97 4DL
REGISTERED NUMBER:	01221157 (England and Wales)
SENIOR STATUTORY AUDITOR:	T P Curtis
INDEPENDENT AUDITORS:	Barrow LLP Jackson House Station Road Chingford London E4 7BU
BANKER:	HSBC Bank PLC 60 Queen Victoria Street London EC4N 4TR

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2022**

The directors present their strategic report for the year ended 30 April 2022.

BUSINESS REVIEW AND FUTURE OUTLOOK

Sigma Connected Limited is a wholly owned subsidiary of Sigma Connected Holdings Limited.

Sigma Connected Limited emerged strongly from the Covid-19 pandemic, well positioned to build on the momentum of growth delivered in previous years. Thanks to the continued commitment shown by all our colleagues around the world, we ensured that clients and their customers continued to receive excellent service.

During the period, Sigma's investment in talent and hybrid working practices allowed it to operate at full operational capacity whilst continuing to deliver excellent service to its clients. Combined with a number of contract wins during the year from both existing and new clients, Sigma's very strong performance has further expanded all areas of the business with growth seen in its credit management, customer care and complaints handling service lines. Overall, this progress has driven revenue to £68.3m, an increase of 78% on prior year.

Since the last financial year, Sigma employee numbers have continued to grow. As keen advocates of impact sourcing, we work with agencies to recruit from disadvantaged communities, to identify talent and support them into the workplace. Once an employee joins Sigma Connected, we focus on their career growth and development.

With the UK experiencing its toughest cost of living crisis in over 30 years, we have seen a number of successful contract wins for our ReachOut service, aimed at engaging and supporting vulnerable customers in debt, to help them find a more positive outcome. We also launched a new third party credit management service, McLaren Credit Services, which is focused on delivering an empathetic and compassionate service to customers.

Increases in the living wage have challenged operating margins this year. Alongside this, the business has committed continued investment to deliver future growth and accelerate the businesses diversification plans. Despite these headwinds, Sigma has been able to absorb these cost challenges, recording operating profit of £2.4m in 2022, up from £2.1m in the prior year. Cash balances are strong at £1.6m with the revenue growth being funded from free cash. The business does not carry any external debt funding.

Beyond the year-end, the business has continued to concentrate on its core objectives. Focussed on building diversification and business resilience beyond the core USP's of Energy & Credit, with a significant focus on Financial Services, Water and Telecommunications. Growth of revenue has continued during the first half of the year and the directors expect to drive further growth in the second half of the year, continuing to build on the strong commercial progress delivered in 2022.

The results for the period show a turnover of £68,333,281 (2021: £38,374,885) and a profit of £2,323,088 (2021 profit: £2,039,003).

PRINCIPAL RISKS, UNCERTAINTIES AND SECTION 172 COMPLIANCE

There are a number of risks and uncertainties that could have a material impact on the group's future performance.

Financial risks and their management

As part of its ordinary activities, the company is exposed to a number of financial risks including liquidity risk and credit risk. The company proactively monitors these risks to ensure that they are managed appropriately.

Liquidity risk

Liquidity risk relates to the company's ability to meet the cash flow requirements of its operations. Liquidity is managed through regular review of working capital requirements and close dialogue with funding partners.

Credit risk

Credit risk principally relates to trade receivables from clients. Clients are continuously monitored to ensure that the credit lines offered are appropriate.

Commercial relationships and going concern

The company's business activity is centred on a core base of close commercial relationships. Any risk to the loss of these contracts is managed through regular reviews and contact with their relationship manager to ensure that the company responds to their needs and delivers the service levels that they expect. The company's client base is primarily composed of large financial institutions and utility providers. It has operated with the majority of these for a number of years with confidence over the ongoing continuation and viability of trading.

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2022**

Regulatory compliance

Failing to comply with regulatory requirements could result in the group having to suspend or permanently cease activities. The company has an in house compliance function, led by a regulatory specialist Head of Compliance, to ensure that the business operates in a compliant manner and keeps up to date with the regulatory changes occurring within the industry.

Personnel

Personnel risk focuses on the ability of the company to attract and retain skilled individuals to deliver its growth plans. The company employment policies, remuneration and benefits packages are regularly reviewed to ensure that they remain competitive with other companies. The company also monitors employees to identify high performing individuals and ensure that they are developed and progressed within the company.

IT systems

The ability to increase the scale of the technology infrastructure at pace whilst retaining a secure and compliant environment is paramount to delivering the group's growth strategy. The business manages this risk through continuous improvement methodology and continues to invest in developing the core systems to ensure that they remain current and compliant.

PRINCIPAL FINANCIAL INSTRUMENTS

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Trade and other payables

SECTION 172(1) STATEMENT

Stakeholder engagement is central to the formulation and execution of our strategy and is critical in achieving long-term sustainable success. The needs of our different stakeholders as well as the consequences of any decision in the long term, are well considered by the Board. It is not always possible to provide positive outcomes for all stakeholders and the Board sometimes has to make decisions based on balancing the competing priorities of stakeholders. Our stakeholder engagement processes enable our Board to understand what matters to stakeholders and consider carefully all the relevant factors and to select the course of action that best leads to high standards of business conduct and success of Sigma Connected in the long term. The principles underpinning S172 are not only considered at Board level, they are part of our culture. They are embedded in all that we do as a group. The differing interests of stakeholders are considered in the business decisions we make across the group, at all levels, and are reinforced by our Board setting the right tone from the top. All of the Board's significant decisions are subject to a S172 evaluation to identify the likely consequences of any decision in the long term and the impact of the decision on our stakeholders. In performing their duties during 2021/22, the Directors have had regard to the matters set out in S172 of the Companies Act 2006. You can read more on how the Board had regard to each matter, during the year, as follows:

S172 (1) (A) -The likely consequences of any decision in the long term

The directors understand the sector and business in which we operate. The strategy set by the directors is sustainable, profitable growth. The Board and Senior Leadership Team hold regular meetings to discuss the strategy and results of the business.

S172 (1) (B) - The interest of the business's employees

The company operates an equal opportunities employment policy and is opposed to all forms of discrimination. The company selection processes are non-discriminatory and always seek to give full and fair consideration to those with disabilities for all vacancies, taking into account their aptitudes and skills. In the event of employees becoming disabled, every effort is made to ensure their employment with the company continues and appropriate training arranged. So far as possible the company ensures that the training, career development and promotion of any disabled person is identical to that of a colleague who does not suffer from such a disability.

The business has an annual survey of employees covering a wide range of subjects and the Senior Leadership Team act upon the results.

S172 (1) (C) - The need to foster the business relationships with suppliers, customers and others

The directors are aware that this is a key requirement to succeed in our strategy of long term growth.

Customers

We ensure that there is a continued focus on operational delivery to ensure that our customers receive excellent service. We measure and monitor key performance indicators with each customer on a weekly basis. Regular performance reviews with our customers enable us to improve on our performance.

Suppliers

The business is committed to working with our suppliers to meet the business needs. We work closely with the suppliers to ensure our standards are adhered to and they comply with their statutory obligations.

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2022**

Others

The business expects all of its colleagues to uphold the highest standards when dealing with any party.

S172 (1) (D) - The impact of the business operations on the community and the environment

The business supports a range of organisations through charity partnerships, the Sigma Community Foundation and regular fund raising activities.

S172 (1) (E) - The desirability of the business for maintaining a reputation for high standards of business conduct

The directors and Senior Leadership Team have a high level of knowledge of the business in which they operate. All employees are required to undergo tailored training in various subjects as part of their onboarding process and then again on an annual basis.

S172 (1) (F) - The need to act fairly between members of the Company

Our people are our most valuable asset, and the directors ensure that the business operates in a fair, transparent, responsible and equitable manner.

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

The Senior Leadership Team review the emissions as part of the Sustainability Forum. The business is committed to reducing their carbon footprint.

Category	Emissions (KwH)
Offices consumed Heat, Light & Power	694,000
Home working consumed Heat, Light & Power	20,000
Business travel	75,600
Employee commuting	158,600
Per employee	617

KEY PERFORMANCE INDICATORS

During the year, the business continued to operate a hybrid working model, utilising the existing UK property, across both Birmingham and Redditch and an extensive 'work from home' solution.

Total outsourced seats delivered by the business increased by 20% to 1,904. Within this, an 18% increase in the number of seats serviced via Sigma's onshore solution was achieved, ending the year with 1,055 seats based from the UK.

Seven new client relationships were secured during the year and a total of seventeen additional new campaigns became operational across the total client base.

ON BEHALF OF THE BOARD:

G E Gilburd - Director

26 January 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 APRIL 2022**

The directors present their report with the financial statements of the company for the year ended 30 April 2022.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of Business Process Outsourcing "BPO" services.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 2022.

DIRECTORS

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

M J Harfield
G E Gilburd

DONATIONS

During the year, the company's employees made charitable donations of £16,656 (2021: £12,711) and made £Nil (2021: £Nil) donations to political parties.

DIRECTORS' INDEMNITY

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also maintained Directors' and Officers' liability insurance during the year in respect of itself and its directors.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:

G E Gilburd - Director

26 January 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SIGMA CONNECTED LTD

Opinion

We have audited the financial statements of Sigma Connected Ltd (the 'company') for the year ended 30 April 2022 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the UK; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SIGMA CONNECTED LTD

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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. Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Members that presented a risk of material misstatement due to fraud.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the accounting standards, the Financial Conduct Authority's and tax regulations.

We focused on laws and regulations that could give rise to material misstatement in the financial statements. Our tests included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management, the company directors, and those responsible for legal and compliance procedures.; and
- Review of the minutes of board meetings throughout the period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

T P Curtis (Senior Statutory Auditor)
for and on behalf of Barrow LLP
Jackson House
Station Road
Chingford
London
E4 7BU

26 January 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2022

	Notes	30.4.22 £	30.4.21 £
CONTINUING OPERATIONS			
Revenue		68,333,281	38,374,885
Cost of sales		<u>(53,193,449)</u>	<u>(27,353,693)</u>
GROSS PROFIT		15,139,832	11,021,192
Other operating income		-	80,639
Administrative expenses		<u>(12,136,433)</u>	<u>(9,017,586)</u>
OPERATING PROFIT BEFORE IMPAIRMENT LOSSES		3,003,399	2,084,245
Impairment losses		<u>(630,583)</u>	<u>-</u>
OPERATING PROFIT		2,372,816	2,084,245
Finance costs	5	(50,569)	(46,009)
Finance income	5	841	767
PROFIT BEFORE INCOME TAX	6	2,323,088	2,039,003
Income tax	7	<u>-</u>	<u>-</u>
PROFIT FOR THE YEAR		2,323,088	2,039,003
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,323,088</u>	<u>2,039,003</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
30 APRIL 2022

	Notes	30.4.22 £	30.4.21 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Property, plant and equipment	9	1,485,898	1,166,554
Right-of-use			
Property, plant and equipment	9, 16	496,114	1,063,274
		<u>1,982,012</u>	<u>2,229,828</u>
CURRENT ASSETS			
Trade and other receivables	10	16,558,543	11,783,667
Cash and cash equivalents	11	1,558,475	3,138,872
		<u>18,117,018</u>	<u>14,922,539</u>
TOTAL ASSETS		<u>20,099,030</u>	<u>17,152,367</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	2,775,100	2,775,100
Retained earnings	13	4,748,690	2,425,602
TOTAL EQUITY		<u>7,523,790</u>	<u>5,200,702</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	15	279,076	490,059
CURRENT LIABILITIES			
Trade and other payables	14	7,704,126	8,013,391
Financial liabilities - borrowings			
Interest bearing loans and borrowings	15	4,592,038	3,448,215
		<u>12,296,164</u>	<u>11,461,606</u>
TOTAL LIABILITIES		<u>12,575,240</u>	<u>11,951,665</u>
TOTAL EQUITY AND LIABILITIES		<u>20,099,030</u>	<u>17,152,367</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 January 2023 and were signed on its behalf by:

G E Gilburd - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 May 2020	2,775,100	386,599	3,161,699
Changes in equity			
Total comprehensive income	-	2,039,003	2,039,003
Balance at 30 April 2021	<u>2,775,100</u>	<u>2,425,602</u>	<u>5,200,702</u>
Changes in equity			
Total comprehensive income	-	2,323,088	2,323,088
Balance at 30 April 2022	<u>2,775,100</u>	<u>4,748,690</u>	<u>7,523,790</u>

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2022

	Notes	30.4.22 £	30.4.21 £
Cash flows from operating activities			
Cash generated from operations	1	(1,450,371)	1,685,124
Interest paid		-	(194)
Lease interest paid		(50,569)	(45,815)
Government grants		-	80,639
Net cash from operating activities		<u>(1,500,940)</u>	<u>1,719,754</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,013,138)	(1,471,090)
Interest received		841	767
Net cash from investing activities		<u>(1,012,297)</u>	<u>(1,470,323)</u>
Cash flows from financing activities			
Group loans raised		1,500,000	-
Payment of lease liabilities		(567,160)	(14,728)
Amount introduced by directors		-	113,042
Net cash from financing activities		<u>932,840</u>	<u>98,314</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,580,397)</u>	<u>347,745</u>
Cash and cash equivalents at beginning of year	2	3,138,872	2,791,127
Cash and cash equivalents at end of year	2	<u>1,558,475</u>	<u>3,138,872</u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2022**

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	30.4.22	30.4.21
	£	£
Profit before income tax	2,323,088	2,039,003
Depreciation charges	1,260,954	878,050
Government grants	-	(80,639)
Finance costs	50,569	46,009
Finance income	(841)	(767)
	<u>3,633,770</u>	<u>2,881,656</u>
Increase in trade and other receivables	(4,774,876)	(5,476,528)
(Decrease)/increase in trade and other payables	<u>(309,265)</u>	<u>4,279,996</u>
Cash generated from operations	<u><u>(1,450,371)</u></u>	<u><u>1,685,124</u></u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 30 April 2022

	30.4.22	1.5.21
	£	£
Cash and cash equivalents	<u>1,558,475</u>	<u>3,138,872</u>

Year ended 30 April 2021

	30.4.21	1.5.20
	£	£
Cash and cash equivalents	<u>3,138,872</u>	<u>2,791,127</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2022**

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation

These annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, UK-adopted International Accounting Standard and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRSs) as adopted by the UK.

These annual financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies applied and changes to significant accounting policies are set out and described below where applicable.

Going concern

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

Revenue recognition

Revenue is recognised using a five step model as follows:

- Identify the contract with a customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognise revenue as and when performance obligations are satisfied

The company recognises revenue from the provision of:

- Business process outsourcing services
- Telecommunications services via contact centres

The contract with the customer is agreed upon between the customer and the company before services are rendered. The contract will stipulate the price that can be charged for the services rendered.

Revenue derived from the provision of professional services is recognised once the company has satisfied its performance obligations to the customer.

Most of the company's revenue is derived from fixed price contracts and therefore the amounts of revenue to be earned from each contract is determined by reference to those fixed prices. For fixed term contracts revenue is recognised as services are delivered over the term of the contract, for fixed price contracts revenue is recognised once the defined services have been performed.

For service contracts there is a fixed price for each service rendered. There is therefore no judgement involved in allocating the contract price to the services delivered for each customer. Where a customer orders more than one type of service, the company is able to determine the split of the total contract price between each type of service provided by reference to each service's standalone price.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Property, plant and equipment

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Short leasehold - over the term of the lease

Fixtures and fittings - Straight line over 3 years

Computer equipment - Straight line over 3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Financial instruments

Initial recognition and measurement

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities which are adopted by the company as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

2. **ACCOUNTING POLICIES - continued**

Financial assets which are debt instruments:

- Amortised cost. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows. This includes trade receivables, loans to group companies, other financial assets and cash and cash equivalents.

Financial liabilities:

- Amortised cost which include borrowings raised, trade payables, loans from group companies and overdraft facilities.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Financial Assets held at fair value through profit or loss (FVTPL)

Classification

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of the business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The company's investment in unit trusts are classified as held at FVTPL and did not make the irrevocable election to account for the investment in unit trusts at fair value through other comprehensive income.

Recognition and measurement

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial assets and substantially all the risks and rewards are transferred.

Financial assets through profit or loss are initially measured at fair value with transactions costs recognised in profit or loss. The fair value of investments in unit trusts is derived from quoted bid prices in an active market.

Loans receivable at amortised cost

Classification

Loans to / from group companies and other loan receivables are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022**

2. ACCOUNTING POLICIES - continued

Impairment of loans receivable

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 60 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

2. ACCOUNTING POLICIES - continued

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of trade and other receivables

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to the lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected lifetime of the receivables.

Measurement and recognition of expected credit losses

The customer base does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Cash and cash equivalents

Classification, recognition and measurement

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at their carrying amount which is deemed to be fair value and subsequently carried at amortised cost.

Impairment

For financial assets carried at amortised cost, with the exception of trade receivables, the company distinguishes between financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low risk (stage 1); financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (stage 2) and financial assets where objective evidence of impairment exists at the reporting date (stage 3).

For financial assets in Stage 1, 12 month ECL are recognised while for financial assets in Stage 2 and Stage 3, lifetime ECL are recognised.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

2. ACCOUNTING POLICIES - continued

The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party, therefore cash and cash equivalents are considered low risk and the credit risk of the borrowers did not increase significantly during the period.

Financial liabilities at amortised cost

Classification

Financial liabilities at amortised cost comprise borrowings raised (cumulative preference shares), loans from group companies, trade and other payables and overdraft facilities.

The company does not have financial liabilities through profit or loss in accordance with IFRS 9.

Recognition and measurement

Financial liabilities are measured at fair value at initial recognition plus transactions costs directly attributable to the issuance of the financial liability in the case of financial liabilities not subsequently measured at fair value through profit or loss. After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

The difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy on borrowing costs.

Dividends paid and accrued on cumulative preference shares are recognised as finance costs over the term of the preference shares.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the taxation rates (and taxation laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group, plus
- any costs directly attributable to the purchase of the subsidiary.

Current tax and deferred tax are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022**

2. ACCOUNTING POLICIES - continued

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

Research and development

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

Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases

Leases of assets to the group under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease rentals are charged against trading profit on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern of use benefit.

Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Finance leases

The Company has leases for the call centres, an office, plant and machinery and some IT equipment. With the exception of short term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Company sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the company. The right-of-use assets are presented separately in the statement of financial position, except for right-of-use assets that meet the definition of investment property which is presented in the statement of financial position in separate line item - "investment property". At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the company under residual value guarantees;
- the exercise price of a purchase option if the company is reasonably certain to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate.

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022**

2. ACCOUNTING POLICIES - continued

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. The Company applies the exemption for low-value assets on a lease-by-lease basis i.e. for the leases where the asset is sub-leased, a right-of-use asset is recognised with a corresponding lease liability; for all other leases of low value assets, the lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

- Short-term leases are leases with a lease term of 12 months or less.
- Low-value assets comprise computers, tablets, mobile phones and small items of office furniture.

Employee benefit costs

The company operates defined contribution schemes. Contributions payable to the company's pension schemes are charged to the profit and loss account in the period to which they relate. The schemes funds are independently administered.

Provisions and contingencies

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating leases.

Contingent assets and contingent liabilities are not recognised.

Impairment of property, plant and equipment and other tangible assets

The company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The company assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022**

2. ACCOUNTING POLICIES - continued

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 April 2022, none of the new standards had a material impact on the reported financial position or performance.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. 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 estimates are revised and in any future periods affected financial statements.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Trade receivables

Trade receivables are impaired using the simplified approach in terms of IFRS 9. Expected credit losses are determined by applying bad debts written off in the past year to the total credit sales in order to determine the historical loss ratio. This is applied to the receivables balance.

The simplified impairment model has been applied by the company as trade receivables do not contain a financing component. The default terms of collection is 60 days. In accordance with the model, lifetime expected credit losses (ECL) are required to be recognised. As the maturities are 12 months or less, the 12 month and lifetime ECLs will be the same.

The new impairment model allows entities to calculate ECLs on trade receivables and requires that historical provision rates be updated with current and forward looking estimates. This was performed by calculating historical loss rates (actual credit losses as a percentage of credit sales). These rates were calculated for the current year and two prior years. The historical loss rate was then applied to the trade receivables balance at year end in order to calculate the ECL. No forward looking adjustment was deemed necessary as the company does not consider that any significant change in credit conditions will occur.

The calculated ECL was then compared to the current provision for bad debts to establish whether any additional provision was required.

Property, plant, equipment and intangible assets - impairment

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Provisions

Judgement is required in relation to methods and assumptions used when estimating future cash flows required to settle present obligations for which provisions are required.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impaired.

4. EMPLOYEES AND DIRECTORS

	30.4.22	30.4.21
	£	£
Wages and salaries	33,727,253	17,766,783
Social security costs	2,555,439	1,338,132
Other pension costs	664,755	313,468
	<u>36,947,447</u>	<u>19,418,383</u>

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

	30.4.22	30.4.21
Fee earner	1,381	648
Administration	95	71
Direct support	62	30
	<u>1,538</u>	<u>749</u>

	30.4.22	30.4.21
	£	£
Directors' remuneration	813,381	805,976
Directors' pension contributions to money purchase schemes	<u>8,475</u>	<u>14,436</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

4. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director is as follows:

	30.4.22	30.4.21
	£	£
Emoluments etc	477,600	546,412
Pension contributions to money purchase schemes	2,295	6,747
Accrued pension at 30 April 2022	<u>-</u>	<u>1,432</u>

5. NET FINANCE COSTS

	30.4.22	30.4.21
	£	£
Finance income:		
Other interest receivable	91	17
Directors' loan interest	<u>750</u>	<u>750</u>
	<u>841</u>	<u>767</u>
Finance costs:		
Loan interest	-	194
Leasing interest	<u>50,569</u>	<u>45,815</u>
	<u>50,569</u>	<u>46,009</u>
Net finance costs	<u>49,728</u>	<u>45,242</u>

6. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	30.4.22	30.4.21
	£	£
Depreciation - owned assets	693,794	412,513
Depreciation - assets on finance leases	567,160	465,537
Auditors' remuneration	33,300	20,000
Auditors' remuneration for non audit work	8,000	4,500
Foreign exchange differences	<u>7,228</u>	<u>7,359</u>

7. INCOME TAX**Analysis of tax expense**

No liability to UK corporation tax arose for the year ended 30 April 2022 nor for the year ended 30 April 2021.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

7. INCOME TAX - continued**Factors affecting the tax expense**

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

	30.4.22	30.4.21
	£	£
Profit before income tax	<u>2,323,088</u>	<u>2,039,003</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	441,387	387,411
Effects of:		
Expenses not deductible for tax purposes	126,699	1,529
Losses	<u>(568,086)</u>	<u>(388,940)</u>
Tax expense	<u>-</u>	<u>-</u>

Factors that may affect future tax charges**Tax losses**

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The company has corporation tax losses that arose before 1 April 2017 in the United Kingdom of £10,229,332 (2021 - £13,219,256) available to carry forward to offset against future taxable profits.

Deferred tax

No deferred tax asset has been recognised due to the uncertainty as to the timing and quantum of the recovery of these losses within the company. The total amount of unprovided deferred tax £1,943,573 (2021: £2,511,659) is as follows:

	30.04.22	30.04.21
£		
Fixed asset timing differences	243,148	63,511
Timing difference - trading	(11,920)	(11,404)
Losses	<u>(2,174,801)</u>	<u>(2,563,766)</u>
Total deferred tax asset	<u>(1,943,573)</u>	<u>(2,511,659)</u>

On 17 November 2022 changes to the UK corporation tax rates were announced in the Chancellor's autumn statement. These include addition to the main rate to increase the rate from 19% to 25% from 1 April 2023. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

8. SUBSEQUENT EVENTS

The directors have not identified any matters arising after the balance sheet date that would require further adjustment to the reported financial results for the year ended 30 April 2022.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

9. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use Property, plant and equipment £	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 May 2021	1,963,364	237,716	248,044	2,100,295	4,549,419
Additions	-	-	3,939	1,009,199	1,013,138
At 30 April 2022	<u>1,963,364</u>	<u>237,716</u>	<u>251,983</u>	<u>3,109,494</u>	<u>5,562,557</u>
DEPRECIATION					
At 1 May 2021	900,090	224,380	236,938	958,183	2,319,591
Charge for year	<u>567,160</u>	<u>13,336</u>	<u>10,153</u>	<u>670,305</u>	<u>1,260,954</u>
At 30 April 2022	<u>1,467,250</u>	<u>237,716</u>	<u>247,091</u>	<u>1,628,488</u>	<u>3,580,545</u>
NET BOOK VALUE					
At 30 April 2022	<u>496,114</u>	<u>-</u>	<u>4,892</u>	<u>1,481,006</u>	<u>1,982,012</u>
At 30 April 2021	<u>1,063,274</u>	<u>13,336</u>	<u>11,106</u>	<u>1,142,112</u>	<u>2,229,828</u>

The directors have undertaken an impairment review, which takes into account future cash flows. This exercise has confirmed the "value in use" supports the continued recognition of these assets, with sufficient headroom to accommodate any reasonably foreseeable events or changes in circumstances.

10. TRADE AND OTHER RECEIVABLES

	30.4.22 £	30.4.21 £
Current:		
Trade debtors	11,047,008	8,137,118
Amounts owed by group undertakings	279,894	20,439
Other debtors	20,230	18,254
Directors' loan accounts	30,000	30,000
Prepayments and accrued income	<u>5,181,411</u>	<u>3,577,856</u>
	<u>16,558,543</u>	<u>11,783,667</u>

Amounts owed by group undertakings are all unsecured, repayable on demand and non-interest bearing.

11. CASH AND CASH EQUIVALENTS

	30.4.22 £	30.4.21 £
Bank accounts	<u>1,558,475</u>	<u>3,138,872</u>

12. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	30.4.22 £	30.4.21 £
2,775,100	Ordinary shares	£1	<u>2,775,100</u>	<u>2,775,100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

13. RESERVES

	Retained earnings £
At 1 May 2021	2,425,602
Profit for the year	<u>2,323,088</u>
At 30 April 2022	<u>4,748,690</u>

14. TRADE AND OTHER PAYABLES

	30.4.22 £	30.4.21 £
Current:		
Trade creditors	922,790	1,546,517
Amounts owed to group undertakings	1,686,754	1,315,659
Other taxation and social security	2,687,723	3,628,057
Other creditors	236,220	134,052
Accruals and deferred income	<u>2,170,639</u>	<u>1,389,106</u>
	<u>7,704,126</u>	<u>8,013,391</u>

Amounts owed to group undertakings are all unsecured, repayable on demand and non-interest bearing.

15. FINANCIAL LIABILITIES - BORROWINGS

	30.4.22 £	30.4.21 £
Current:		
Amounts owed to group undertakings – Loans	4,375,000	2,875,000
Leases (see note 16)	<u>217,038</u>	<u>573,215</u>
	<u>4,592,038</u>	<u>3,448,215</u>
Non-current:		
Leases (see note 16)	<u>279,076</u>	<u>490,059</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	Totals £
Amounts owed to group undertakings – Loans	4,375,000	-	4,375,000
Leases	<u>217,038</u>	<u>279,076</u>	<u>496,114</u>
	<u>4,592,038</u>	<u>279,076</u>	<u>4,871,114</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

15. FINANCIAL LIABILITIES - BORROWINGS - continued**Loan from parent company**

The loan of £4,375,000 (2021: £2,875,000) from the parent company is not of a commercial nature and therefore interest-free, with no fixed repayment terms. The loan is intended to provide the company a source of funding. The parent company can recall these loans when cash is required.

16. LEASING**Right-of-use assets****Property, plant and equipment**

	30.4.22 £	30.4.21 £
COST OR VALUATION		
At 1 May 2021	1,963,364	1,512,555
Additions	<u>-</u>	<u>450,809</u>
	<u>1,963,364</u>	<u>1,963,364</u>
DEPRECIATION		
At 1 May 2021	900,090	434,553
Charge for year	<u>567,160</u>	<u>465,537</u>
	<u>1,467,250</u>	<u>900,090</u>
NET BOOK VALUE	<u>496,114</u>	<u>1,063,274</u>

Lease liabilities

Minimum lease payments fall due as follows:

	30.4.22 £	30.4.21 £
Gross obligations repayable:		
Within one year	238,259	617,728
Between one and five years	292,531	530,790
	<u>530,790</u>	<u>1,148,518</u>
Finance charges repayable:		
Within one year	21,221	44,513
Between one and five years	<u>13,455</u>	<u>40,731</u>
	<u>34,676</u>	<u>85,244</u>
Net obligations repayable:		
Within one year	217,038	573,215
Between one and five years	<u>279,076</u>	<u>490,059</u>
	<u>496,114</u>	<u>1,063,274</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

16. LEASING - continued**OPERATING LEASING AGREEMENTS**

		30.04.22	30.04.21
	£		
Within one year		282,428	282,428
Between two and five years		<u>205,720</u>	<u>205,720</u>
		<u>488,148</u>	<u>488,148</u>

At the period end the company had commitments under non-cancellable operating leases in respect of service charges of land and buildings of £488,148 (2021: £488,148).

17. PENSION COMMITMENTS

The company operates defined contribution pension schemes in respect of the staff and directors. The charges for the year to this scheme were £664,755 (2021: £313,468). The number of directors to whom retirement benefits were accruing was 2 (2021: 2). There was £129,061 (2021: £74,459) outstanding contributions at the end of the year.

18. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 30 April 2022 and 30 April 2021:

	30.4.22	30.4.21
	£	£
G E Gilburd		
Balance outstanding at start of year	-	113,042
Amounts repaid	-	(113,042)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>
M J Harfield		
Balance outstanding at start of year	30,000	30,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>30,000</u>	<u>30,000</u>

Included within receivables is an amount of £30,000 owing to the company by the directors for which, interest at 1% per annum is charged by the company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022

19. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

Sigma Connected Holdings Ltd

Holding company

During the year the company sold services in the sum of £230,258 (2021: £Nil) to Sigma Connected Holdings Ltd.

At 30 April 2022 the company had an amount owed by Sigma Connected Holdings Ltd of £230,258 (2021: £Nil) in relation to services sold.

At 30 April 2022 the company owed £4,375,000 (2021: £2,875,000) to Sigma Connected Holdings Ltd in relation to loan funding provided.

Sigma Connected Group Ltd

Immediate holding company

During the year, the company was charged £174,081 (2021: £191,132) by Sigma Connected Group Ltd in relation to insurance cover provided.

At 30 April 2022, £49,636 (2021: £20,439) was owed by Sigma Connected Group Ltd in relation to intercompany charges.

Sigma Connected (PTY) Limited

Fellow Subsidiary

During the year the company purchased services in the sum of £11,542,874 (2021: £6,814,334) from Sigma Connected (PTY) Limited.

During the year company provided management services of £246,713 (2021: £Nil) to Sigma Connected (PTY) Limited.

At 30 April 2022 the company had an amount owed to Sigma Connected (PTY) Limited of £913,622 (2021: £1,060,036) relating to recharge of costs.

Digicall Management Services (Pty) Ltd

Fellow Subsidiary

During the year the company received management services of £446,246 (2021: £135,413) from Digicall Management Services (Pty) Ltd.

At 30 April 2022 the company had an amount owed to Digicall Management Services (Pty) Ltd of £587,277 (2021: £141,031) relating to provision of management services.

Blue Pie Services (Pty) Ltd

Fellow Subsidiary

During the year the company received management services of £240,000 (2021: £240,000) from Blue Pie Services (Pty) Ltd.

At 30 April 2022 the company had an amount owed to Blue Pie Services (Pty) Ltd of £Nil (2021: £40,000) relating to provision of management services.

Entities with control, joint control or significant influence by the entity

Sanclare (UK) Ltd

Fellow Subsidiary

At 30 April 2022 the company had an amount owed by Sanclare (UK) Ltd of £19,169 (2021: £19,169) owing to the transfer of assets, liabilities and commercial relationships owned by Sanclare (UK) Ltd. The balance has been fully impaired (2021: fully) due to concerns over its recoverability.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2022**

Sigma Red Ltd

Fellow Subsidiary

At 30 April 2022 the company had an amount owed by Sigma Red Ltd of £8,913,029 (2021: £8,913,029) owing to the transfer of assets, liabilities and commercial relationships owned by Sigma Red Ltd. The balance has been fully impaired (2021: fully) due to concerns over its recoverability.

Recodebt Ltd

Fellow Subsidiary

At 30 April 2022 the company had an amount owing to Recodebt Ltd of £94,592 (2021: £94,592) relating to recharge of costs.

Sigma Connected Proprietary Limited

Fellow Subsidiary

The company paid a loan of £630,000 to Sigma Connected Proprietary Ltd during the year and the balance has been fully impaired due to concerns over its recoverability.

During the year company bought services of £91,263 from Sigma Connected Proprietary Limited.

At 30 April 2022 the company had an amount owing to Sigma Connected Proprietary Ltd of £91,263 (2021: £Nil) relating to recharge of costs.

Other related parties

Industrial & Commercial Consultancy Limited

Key Personnel Management

Industrial & Commercial Consultancy Limited is the company secretary. Martyn Harfield, the director of Industrial & Commercial Consultancy Limited, is connected to Michael Harfield, a director of the company. During the period, Industrial & Commercial Consultancy Limited charged £46,000 (2021: £46,000) for the provision of consultancy services. These were paid in full during the period.

Key management personnel compensation

Directors and key staff

The total remuneration of directors and other key staff members in 2022 (including salaries and other benefits) was £1,485,162 (2021: £1,314,952).

20. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Digicall Holdings (Pty) Ltd, a company incorporated in South Africa.

The controlling party is Sigma Connected Group Limited.

The immediate parent undertaking is Sigma Connected Holdings Limited.

Sigma Connected Holdings Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 30 April 2022. The consolidated financial statements of Sigma Connected Holdings Limited are available from:

Grosvenor House
Prospect Hill
Redditch
Worcestershire
B97 4DL

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