

Company Registration No. 03036383 (England and Wales)

SPACETEL UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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COMPANIES HOUSE

SPACETEL UK LIMITED

COMPANY INFORMATION

Directors	Mrs U Venkatesh Dr S Venkatesh Mrs S B Subairkannu Mrs K H Venkatesh Mr K Govindraraju
Secretary	Mrs U Venkatesh
Company number	03036383
Registered office	790 Uxbridge Road Hayes Middlesex United Kingdom UB4 0RS
Auditor	Reddy Siddiqui & Kabani 183-189 The Vale Acton London W3 7RW

SPACETEL UK LIMITED

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SPACETEL UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report for the year ended 31 March 2017.

Fair review of the business

The Directors remain satisfied with the results for the year and plans to continue investment towards improving revenue streams, adding new clients, investing in IT infrastructure Services, Cloud Services and Managed Telecom Infrastructure services.

On behalf of the board



Dr S Venkatesh

Director

18 September 2017

SPACETEL UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The company's principal activity during the year continued to be other telecommunication and Data Centre activities.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs U Venkatesh
Dr S Venkatesh
Mrs S B Subairkannu
Mrs K H Venkatesh
Mr K Govindraraju

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

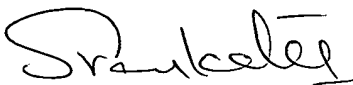
Auditor

The auditor, Reddy Siddiqui & Kabani, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Dr S Venkatesh

Director

18 September 2017

SPACETEL UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

SPACETEL UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPACETEL UK LIMITED

We have audited the financial statements of Spacetel UK Limited for the year ended 31 March 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 2017 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, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

SPACETEL UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPACETEL UK LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Omar Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui & Kabani

18 September 2017

Chartered Accountants
Statutory Auditor

183-189 The Vale
Acton
London
W3 7RW

SPACETEL UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
	Notes	£	£
Turnover	3	1,083,811	763,443
Cost of sales		(177,103)	(216,886)
Gross profit		<u>906,708</u>	<u>546,557</u>
Administrative expenses		(855,669)	(503,945)
Operating profit	4	<u>51,039</u>	<u>42,612</u>
Interest receivable and similar income	7	2,000	-
Interest payable and similar expenses	8	(11,783)	(15,163)
Profit before taxation		<u>41,256</u>	<u>27,449</u>
Tax on profit	9	(373,709)	-
(Loss)/profit for the financial year		<u><u>(332,453)</u></u>	<u><u>27,449</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

SPACETEL UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 MARCH 2017**

	2017	2016
	£	£
(Loss)/profit for the year	(332,453)	27,449
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(332,453)</u>	<u>27,449</u>

SPACETEL UK LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10		2,283,305		2,239,758
Current assets					
Debtors	12	739,484		272,033	
Cash at bank and in hand		29,167		840	
		<u>768,651</u>		<u>272,873</u>	
Creditors: amounts falling due within one year	13	(823,582)		(245,848)	
Net current (liabilities)/assets			<u>(54,931)</u>		<u>27,025</u>
Total assets less current liabilities			<u>2,228,374</u>		<u>2,266,783</u>
Creditors: amounts falling due after more than one year	14		(1,266,157)		(1,345,822)
Provisions for liabilities	16		<u>(373,709)</u>		<u>-</u>
Net assets			<u><u>588,508</u></u>		<u><u>920,961</u></u>
Capital and reserves					
Called up share capital	18	285,000		285,000	
Share premium account		18,000		18,000	
Revaluation reserve		863,233		863,233	
Profit and loss reserves		<u>(577,725)</u>		<u>(245,272)</u>	
Total equity			<u><u>588,508</u></u>		<u><u>920,961</u></u>

The financial statements were approved by the board of directors and authorised for issue on 18 September 2017 and are signed on its behalf by:



Dr S Venkatesh
Director

Company Registration No. 03036383

SPACETEL UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2015	285,000	18,000	863,233	(272,721)	893,512
Year ended 31 March 2016: Profit and total comprehensive income for the year	-	-	-	27,449	27,449
Balance at 31 March 2016	285,000	18,000	863,233	(245,272)	920,961
Year ended 31 March 2017: Loss and total comprehensive income for the year	-	-	-	(332,453)	(332,453)
Balance at 31 March 2017	285,000	18,000	863,233	(577,725)	588,508

SPACETEL UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	21	216,106		135,834	
Interest paid		(11,783)		(15,163)	
Net cash inflow from operating activities		204,323		120,671	
Investing activities					
Purchase of tangible fixed assets		(98,331)		(56,682)	
Interest received		2,000		-	
Net cash used in investing activities		(96,331)		(56,682)	
Financing activities					
Repayment of borrowings		(79,665)		(73,021)	
Net cash used in financing activities		(79,665)		(73,021)	
Net increase/(decrease) in cash and cash equivalents		28,327		(9,032)	
Cash and cash equivalents at beginning of year		840		9,872	
Cash and cash equivalents at end of year		29,167		840	

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Spacotel UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 790 Uxbridge Road, Hayes, Middlesex, United Kingdom, UB4 0RS.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2017 are the first financial statements of Spacotel 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 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

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

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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.

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	2%- 3% reducing balance
Computers	15% straight line

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 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

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

1.7 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 balance sheet 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.

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.8 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.

1.9 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 profit and loss account 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.

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 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.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 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.

1.12 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 profit and loss account for the period.

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.

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

3 Turnover and other revenue

	2017 £	2016 £
Turnover analysed by class of business		
Sales	1,083,811	763,443
	<u> </u>	<u> </u>
	2017 £	2016 £
Other significant revenue		
Interest income	2,000	-
	<u> </u>	<u> </u>
	2017 £	2016 £
Turnover analysed by geographical market		
India	948,122	680,466
Middle east	66,312	23,196
USA	28,312	42,092
UK	20,560	6,883
Hong Kong	12,386	10,806
Singapore	8,119	-
	<u> </u>	<u> </u>
	1,083,811	763,443
	<u> </u>	<u> </u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(8,392)	-
Fees payable to the company's auditor for the audit of the company's financial statements	3,500	-
Depreciation of owned tangible fixed assets	54,784	54,282
Operating lease charges	48,003	43,061
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £8,392 (2016 - £-).

5 Employees

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

	2017 Number	2016 Number
Administration	3	-
	<u> </u>	<u> </u>

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2017	2016
		£	£
	Wages and salaries	155,787	128,428
	Social security costs	9,065	3,882
		<u>164,852</u>	<u>132,310</u>
6	Directors' remuneration		
		2017	2016
		£	£
	Remuneration for qualifying services	<u>16,250</u>	<u>33,560</u>
7	Interest receivable and similar income		
		2017	2016
		£	£
	Interest income		
	Other interest income	<u>2,000</u>	<u>-</u>
8	Interest payable and similar expenses		
		2017	2016
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	11,463	15,163
	Interest on finance leases and hire purchase contracts	320	-
		<u>11,783</u>	<u>15,163</u>
9	Taxation		
		2017	2016
		£	£
	Deferred tax		
	Origination and reversal of timing differences	<u>373,709</u>	<u>-</u>

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

9 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	41,256	27,449
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	8,251	5,490
Tax effect of expenses that are not deductible in determining taxable profit	3,198	277
Permanent capital allowances in excess of depreciation	-	(16,623)
Depreciation on assets not qualifying for tax allowances	10,957	10,856
Amortisation on assets not qualifying for tax allowances	(22,406)	-
Other non-reversing timing differences	373,709	-
Taxation charge for the year	373,709	-

10 Tangible fixed assets

	Plant and equipment £	Computers £	Total £
Cost			
At 1 April 2016	527,186	2,348,780	2,875,966
Additions	5,250	93,081	98,331
At 31 March 2017	532,436	2,441,861	2,974,297
Depreciation and impairment			
At 1 April 2016	223,339	412,869	636,208
Depreciation charged in the year	6,236	48,548	54,784
At 31 March 2017	229,575	461,417	690,992
Carrying amount			
At 31 March 2017	302,861	1,980,444	2,283,305
At 31 March 2016	303,847	1,935,911	2,239,758

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

11 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	730,163	232,496
Carrying amount of financial liabilities		
Measured at amortised cost	2,051,065	1,591,670

12 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	46,637	188,175
Other debtors	683,526	58,514
Prepayments and accrued income	9,321	25,344
	739,484	272,033

13 Creditors: amounts falling due within one year

	2017 £	2016 £
Payments received on account	32,996	14,571
Trade creditors	92,923	102,632
Other taxation and social security	38,674	-
Other creditors	648,177	125,485
Accruals and deferred income	10,812	3,160
	823,582	245,848

14 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Other borrowings	15	1,266,157	1,345,822

15 Loans and overdrafts

	2017 £	2016 £
Other loans	1,266,157	1,345,822
Payable after one year	1,266,157	1,345,822

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

15 Loans and overdrafts

(Continued)

This is an interest-free loan from BMFI International Ltd., a company registered in the British Virgin Islands. The loan is repayable within 5 years.

16 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	17	373,709	-

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	373,709	-
Movements in the year:		2017 £
Liability at 1 April 2016		-
Charge to profit or loss		373,709
Liability at 31 March 2017		373,709

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

18 Share capital

	2017 £	2016 £
Ordinary share capital Issued and fully paid		
285,000 Ordinary of £1 each	285,000	285,000
	285,000	285,000

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

19 Operating lease commitments

Lessee

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:

	2017 £	2016 £
Within one year	32,000	32,000
Between two and five years	96,000	96,000
In over five years	160,000	192,000
	<u>288,000</u>	<u>320,000</u>

20 Related party transactions

The following amounts were outstanding at the reporting end date:

	2017 £	2016 £
Amounts owed to related parties	<u>82,287</u>	<u>70,595</u>

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2017 Balance £ <u>370,937</u>
Amounts owed in previous period	2016 Balance £ <u>2,692</u>

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

21 Cash generated from operations

	2017 £	2016 £
(Loss)/profit for the year after tax	(332,453)	27,449
Adjustments for:		
Taxation charged	373,709	-
Finance costs	11,783	15,163
Investment income	(2,000)	-
Depreciation and impairment of tangible fixed assets	54,784	54,282
Movements in working capital:		
(Increase)/decrease in debtors	(467,451)	34,675
Increase in creditors	577,734	4,265
Cash generated from operations	<u>216,106</u>	<u>135,834</u>

SPACETEL UK LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2017

SPACETEL UK LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

		2017		2016
	£	£	£	£
Turnover				
Sales of goods		1,083,811		763,443
Cost of sales				
Direct costs	177,103		216,886	
		(177,103)		(216,886)
Gross profit	83.66%	906,708	71.59%	546,557
Administrative expenses		(855,669)		(503,945)
Operating profit		51,039		42,612
Investment revenues				
Other interest received - not on financial instruments	2,000		-	
		2,000		-
Interest payable and similar expenses				
Bank interest on loans and overdrafts	11,463		15,163	
Hire purchase interest payable	320		-	
		(11,783)		(15,163)
Profit before taxation	3.81%	41,256	3.60%	27,449

SPACETEL UK LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
Administrative expenses		
Wages and salaries	139,537	94,868
Social security costs	9,065	3,882
Staff welfare	1,066	-
Directors' remuneration	16,250	33,560
Rent re operating leases	48,003	43,061
Rates	22,138	20,931
Cleaning	2,510	1,758
Power, light and heat	40,602	38,865
Equipment repairs	25,801	21,675
Computer running costs	243,763	93,162
Travelling expenses	34,039	22,620
Postage, courier and delivery charges	1,259	860
Professional subscriptions	13,316	6,041
Legal and professional fees	39,462	14,997
Consultancy fees	136,085	24,705
Accountancy	-	3,000
Audit fees	3,500	-
Bank charges	1,569	742
Insurances (not premises)	10,579	10,008
Advertising	-	7,822
Telecommunications	4,741	5,721
Entertaining	15,992	1,385
Depreciation	54,784	54,282
Profit or loss on foreign exchange	(8,392)	-
	<u>855,669</u>	<u>503,945</u>