

Company Registration No. 03036383 (England and Wales)

SPACETEL UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



SPACETEL UK LIMITED

COMPANY INFORMATION

Directors	Mrs U Venkatesh Dr S Venkatesh Mrs S B Subairkannu Mr K Govindraraju
Secretary	Mrs U Venkatesh
Company number	03036383
Registered office	790 Uxbridge Road Hayes Middlesex United Kingdom UB4 0RS
Auditor	Reddy Siddiqui LLP 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 2018

The directors present the strategic report for the year ended 31 March 2018.

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. The directors are also taking steps to increase the business by concentrating more on data centre activities and Cloud Services.

On behalf of the board



Dr S Venkatesh

Director

4 May 2018

SPACETEL UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

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

(Resigned 30 November 2017)

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 LLP, 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

4 May 2018

SPACETEL UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

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

Opinion

We have audited the financial statements of Spacotel UK Limited (the 'company') for the year ended 31 March 2018 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.



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

4 May 2018

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 2018

	Notes	2018 £	2017 £
Turnover	3	917,256	1,083,811
Cost of sales		(149,703)	(177,103)
Gross profit		767,553	906,708
Administrative expenses		(737,989)	(855,669)
Operating profit	4	29,564	51,039
Interest receivable and similar income	7	60,000	2,000
Interest payable and similar expenses	8	(54,426)	(11,783)
Profit before taxation		35,138	41,256
Tax on profit	9	97,455	(373,709)
Profit/(loss) for the financial year		132,593	(332,453)

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 2018**

	2018	2017
	£	£
Profit/(loss) for the year	132,593	(332,453)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>132,593</u>	<u>(332,453)</u>

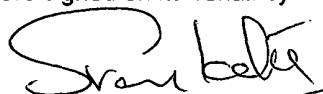
SPACETEL UK LIMITED

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10		2,288,196		2,283,305
Current assets					
Debtors	12	680,820		739,484	
Cash at bank and in hand		15,757		29,167	
		<u>696,577</u>		<u>768,651</u>	
Creditors: amounts falling due within one year	13	<u>(771,261)</u>		<u>(823,582)</u>	
Net current liabilities			(74,684)		(54,931)
Total assets less current liabilities			<u>2,213,512</u>		<u>2,228,374</u>
Creditors: amounts falling due after more than one year	14		(1,216,157)		(1,266,157)
Provisions for liabilities	16		(276,254)		(373,709)
Net assets			<u>721,101</u>		<u>588,508</u>
Capital and reserves					
Called up share capital	19		285,000		285,000
Share premium account			18,000		18,000
Revaluation reserve			863,233		863,233
Profit and loss reserves			(445,132)		(577,725)
Total equity			<u>721,101</u>		<u>588,508</u>

The financial statements were approved by the board of directors and authorised for issue on 4 May 2018 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 2018

	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 April 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
Year ended 31 March 2018:					
Profit and total comprehensive income for the year	-	-	-	132,593	132,593
Balance at 31 March 2018	285,000	18,000	863,233	(445,132)	721,101

SPACETEL UK LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	22		90,608		216,106
Interest paid			(54,426)		(11,783)
Net cash inflow from operating activities			36,182		204,323
Investing activities					
Purchase of tangible fixed assets		(59,592)		(98,331)	
Interest received		60,000		2,000	
Net cash generated from/(used in) investing activities			408		(96,331)
Financing activities					
Repayment of borrowings		(50,000)		(79,665)	
Net cash used in financing activities			(50,000)		(79,665)
Net (decrease)/increase in cash and cash equivalents			(13,410)		28,327
Cash and cash equivalents at beginning of year			29,167		840
Cash and cash equivalents at end of year			15,757		29,167

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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.

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 it is probable will be recovered.

1.4 Tangible fixed assets

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

Depreciation is 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
Fixtures and fittings	2%- 3% reducing balance
Computers	15% straight line

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

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.

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

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.

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

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.

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

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 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 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.

1.13 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.

3 Turnover and other revenue

	2018 £	2017 £
Turnover analysed by class of business		
Sales	917,256	1,083,811
	<u> </u>	<u> </u>
	2018 £	2017 £
Other significant revenue		
Interest income	60,000	2,000
	<u> </u>	<u> </u>

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3 Turnover and other revenue

(Continued)

	2018 £	2017 £
Turnover analysed by geographical market		
India	623,606	948,122
Middle east	77,311	66,312
USA	552	28,312
UK	178,444	20,560
Hong Kong	20,573	12,386
Singapore	16,770	8,119
	<u>917,256</u>	<u>1,083,811</u>

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	3,700	(8,392)
Fees payable to the company's auditor for the audit of the company's financial statements	3,500	3,500
Depreciation of owned tangible fixed assets	54,701	54,784
Operating lease charges	<u>44,002</u>	<u>48,003</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 £3,700 (2017 - £8,392).

5 Employees

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

	2018 Number	2017 Number
Administration	<u>3</u>	<u>3</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	173,179	155,787
Social security costs	4,863	9,065
Pension costs	49	-
	<u>178,091</u>	<u>164,852</u>

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	43,950	16,250

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Other interest income	60,000	2,000

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	54,000	11,463
Interest on finance leases and hire purchase contracts	426	320
	54,426	11,783

9 Taxation

	2018 £	2017 £
Deferred tax		
Origination and reversal of timing differences	(97,455)	373,709

The actual (credit)/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:

	2018 £	2017 £
Profit before taxation	35,138	41,256
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	6,676	8,251
Tax effect of expenses that are not deductible in determining taxable profit	2,247	3,198
Depreciation on assets not qualifying for tax allowances	(8,923)	10,957
Amortisation on assets not qualifying for tax allowances	-	(22,406)
Other non-reversing timing differences	(97,455)	373,709
Taxation (credit)/charge for the year	(97,455)	373,709

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 April 2017	532,436	-	2,441,861	2,974,297
Additions	7,374	1,302	50,916	59,592
At 31 March 2018	539,810	1,302	2,492,777	3,033,889
Depreciation and impairment				
At 1 April 2017	229,575	-	461,417	690,992
Depreciation charged in the year	6,219	13	48,469	54,701
At 31 March 2018	235,794	13	509,886	745,693
Carrying amount				
At 31 March 2018	304,016	1,289	1,982,891	2,288,196
At 31 March 2017	302,861	-	1,980,444	2,283,305

11 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	672,539	730,163
Carrying amount of financial liabilities		
Measured at amortised cost	1,967,673	2,051,065

12 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	256,420	46,637
Other debtors	416,119	683,526
Prepayments and accrued income	8,281	9,321
	680,820	739,484

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

13 Creditors: amounts falling due within one year

	2018 £	2017 £
Payments received on account	24,210	32,996
Trade creditors	496,610	92,923
Other taxation and social security	19,745	38,674
Other creditors	210,177	648,177
Accruals and deferred income	20,519	10,812
	<u>771,261</u>	<u>823,582</u>

14 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Other borrowings	15	<u>1,216,157</u>	<u>1,266,157</u>

15 Loans and overdrafts

	2018 £	2017 £
Other loans	<u>1,216,157</u>	<u>1,266,157</u>
Payable after one year	<u>1,216,157</u>	<u>1,266,157</u>

This is an interest-free loan from BMFI International Ltd., a company registered in the British Virgin Islands. The loan is repayable within 4 years.

16 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	17	<u>276,254</u>	<u>373,709</u>

17 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	<u>276,254</u>	<u>373,709</u>

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

17 Deferred taxation (Continued)

Movements in the year:	2018
	£
Liability at 1 April 2017	373,709
Credit to profit or loss	(97,455)
Liability at 31 March 2018	<u>276,254</u>

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 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>49</u>	<u>-</u>

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

19 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
285,000 Ordinary of £1 each	<u>285,000</u>	<u>285,000</u>
	<u>285,000</u>	<u>285,000</u>

20 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:

	2018	2017
	£	£
Within one year	32,000	32,000
Between two and five years	128,000	96,000
In over five years	64,000	160,000
	<u>224,000</u>	<u>288,000</u>

21 Related party transactions

SPACETEL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

21 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2018 £	2017 £
Amounts owed to related parties		
Connected company	155,287	82,287

The following amounts were outstanding at the reporting end date:

	2018 Balance £
Amounts owed by related parties	
Connected company	43,957

	2017 Balance £
Amounts owed in previous period	
Connected company	370,937

22 Cash generated from operations

	2018 £	2017 £
Profit/(loss) for the year after tax	132,593	(332,453)
Adjustments for:		
Taxation (credited)/charged	(97,455)	373,709
Finance costs	54,426	11,783
Investment income	(60,000)	(2,000)
Depreciation and impairment of tangible fixed assets	54,701	54,784
Movements in working capital:		
Decrease/(increase) in debtors	58,664	(467,451)
(Decrease)/increase in creditors	(52,321)	577,734
Cash generated from operations	<u>90,608</u>	<u>216,106</u>