

GRADWELL COMMUNICATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2021

GRADWELL COMMUNICATIONS LIMITED

COMPANY INFORMATION

DIRECTORS	S J Curry J Ward P Mahoney (appointed 21 April 2020)
COMPANY SECRETARY	P Mahoney (appointed 21 April 2020)
REGISTERED NUMBER	03673235
REGISTERED OFFICE	Westpoint James Street West Bath Avon BA1 2DA
INDEPENDENT AUDITORS	Bishop Fleming Bath Limited Chartered Accountants & Statutory Auditors Northgate House Upper Borough Walls Bath BA1 1RG
BANKERS	Barclays Bank PLC 87 Milsom Street Bath BA1 1DW

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3
Directors' Responsibilities Statement	4
Independent Auditors' Report	5 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Notes to the Financial Statements	11 - 22

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2021**

INTRODUCTION

The principal activity of the company was that of provider of innovative Cloud Communication and related services to SMEs in the UK. The company provides award winning business telephone (VoIP) and business broadband solutions.

BUSINESS REVIEW

The disruption caused by the Covid-19 pandemic led to elevated revenue attrition in the year so that Turnover decreased 6.6% to £6,970k (2020: £7,462k). During the year the business continued to renegotiate key supplier contracts and to focus new sales efforts on larger, higher margin services so that Gross Profit reduction of 4.7% to £4,657k (2020: £4,888) was not in line with the revenue loss.

With a focused cost management strategy whilst still investing in new sales growth the business recorded a £16.7k improvement in operating profit to £33k (2020: £16.3k), which is a creditable performance given the loss in Gross Profit compared to prior year.

During the year the company has continued to make further investment in its Cloud Based Communications platform, with £573k spent on new product and sales portal development and system improvements.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The company has exposure to credit risk, attributed to trade debtors. These risks are mitigated by undertaking credit risk checks prior to commercial terms being agreed with clients, in tandem with robust collection processes being in place.

Liquidity risk

There is a risk that the company may be unable to meet its short-term financial obligations. Credit terms and cash collections are carefully managed and cash flow forecasts are regularly prepared and reviewed.

Network and Platform Performance

Reliable, high-quality voice and data services are the core components of the company's products therefore maintaining market leading service availability is critical to winning new business and maintaining existing customer relationships. Redundancy is built into all services provided by the Company with network resiliency at the core of the systems architecture.

Competitor Activity

The communications market is constantly advancing with competitors in the market extending their product portfolios, enhancing service offerings and how these can be purchased. The Company's R&D strategy aims to mitigate this risk by offering market leading products and technology.

Regulatory & Compliance

The company manages these risks by employing suitably experienced individuals in key roles whose responsibilities include keeping track of applicable regulations and implementing changes where regulations require.

KEY PERFORMANCE INDICATORS

The results of Gradwell Communications Limited for the year reflect the impact of the Covid-19 crisis. Revenue, Gross Margin and EBITDA have all shown resilience in the face of the severe economic downturn, and, in normal trading conditions, the directors would expect to see rapid growth of these metrics in subsequent periods. The directors consider that the primary key performance indicator that is appropriate to the business is Gross Profit performance which declined 4.7% in the year.

This report was approved by the board on 17 June 2022 and signed on its behalf.

Mr P Mahoney
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2021**

The directors present their report and the financial statements for the year ended 31 October 2021.

DIRECTORS

The directors who served during the year were:

S J Curry

J Ward

P Mahoney (appointed 21 April 2020)

MATTERS COVERED IN THE STRATEGIC REPORT

Information relating to financial instruments and future prospects is considered to be of strategic importance and has been disclosed in the strategic report and excluded from the directors' report.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Bishop Fleming Bath Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES NOTE

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Mr P Mahoney

Director

Date: 17 June 2022

Westpoint

James Street West

Bath

Avon

BA1 2DA

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2021**

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRADWELL COMMUNICATIONS LIMITED

OPINION

We have audited the financial statements of Gradwell Communications Limited (the 'Company') for the year ended 31 October 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the related notes, 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 Financial Reporting Standard 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 October 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRADWELL COMMUNICATIONS LIMITED (CONTINUED)

OPINION 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 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.

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 Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- We have considered the nature of the industry and sector, control environment, and business performance;
- We have considered the results of enquiries with management and the directors in relation to their own identification and assessment of the risks of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of

transactions to confirm that the systems are operating effectively, in line with documentation.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off.

In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or avoid a material penalty. These included data protection legislation, health and safety regulations, and employment law.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management in relation to actual and potential claims or litigation;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around the year-end cut off; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRADWELL COMMUNICATIONS LIMITED (CONTINUED)

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including a material misstatement in the financial statements or non-compliance with regulation, will be detected by us. This risk increases the further removed compliance with a law and regulation is from the events and transactions reflected in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Company's directors, 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 directors those matters we are required to state to them in an Auditors' 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 directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Morrison FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Northgate House

Upper Borough Walls

Bath

BA1 1RG

20 June 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2021

	Note	2021 £	2020 £
Turnover		6,970,611	7,462,146
Cost of sales		(2,313,495)	(2,573,800)
GROSS PROFIT		4,657,116	4,888,346
Administrative expenses		(4,624,330)	(4,979,089)
Other operating income		-	107,085
OPERATING PROFIT		32,786	16,342
Interest receivable and similar income		-	3,244
Interest payable and expenses		7,800	(14,206)
PROFIT BEFORE TAX		40,586	5,380
Tax on profit		105,469	120,273
PROFIT FOR THE FINANCIAL YEAR		146,055	125,653

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 11 to 22 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	5	1,400,070	1,335,405
Tangible assets	6	22,135	42,336
		<u>1,422,205</u>	<u>1,377,741</u>
Current assets			
Debtors: amounts falling due within one year	7	813,424	709,140
Cash at bank and in hand		453,666	981,903
		<u>1,267,090</u>	<u>1,691,043</u>
Creditors: amounts falling due within one year	8	(1,258,899)	(1,249,297)
Net current assets		<u>8,191</u>	<u>441,746</u>
Total assets less current liabilities		<u>1,430,396</u>	<u>1,819,487</u>
Creditors: amounts falling due after more than one year	9	(330,163)	(865,309)
Net assets		<u><u>1,100,233</u></u>	<u><u>954,178</u></u>
Capital and reserves			
Called up share capital		1,251	1,251
Profit and loss account		1,098,982	952,927
		<u><u>1,100,233</u></u>	<u><u>954,178</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr P Mahoney
Director

Date: 17 June 2022

The notes on pages 11 to 22 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

1. GENERAL INFORMATION

Gradwell Communications Limited is a limited liability company incorporated in the United Kingdom. It is a private company limited by shares. The registered office is Westpoint, James Street West, Bath, BA1 2DA.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Oval Holdco Limited as at 31 October 2020 and these financial statements may be obtained from Westpoint, James Street West, Bath, Avon, BA1 2DA.

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The directors of the business consider the company's ability to continue as a going concern by reviewing the overall position and forecasts for the group as a whole prepared by the company's parent, Oval Holdco Limited.

The financial statements are prepared on a going concern basis. The operating cashflow less capital expenditure of the combined group businesses generated £1.276m of cash in the 12 months to October 2021. Following the completion of the purchase of Technology Solutions Group in March 2021, where Oval Holdco added debt of £10.64m to fund the acquisition, the net cash flow of the group in the 7 months to October 2021 was £0.1m after debt-servicing obligations.

The group continues to trade profitably and generate cash and is expected to continue to do so. The directors have considered the cash flow forecasts for the group as a whole and have considered the ability of the group to continue as a going concern in light of these forecasts. Accordingly, and after making appropriate enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of approval of these financial statements.

The funding facility established in March 2021 to complete the acquisition of Technology Solutions Group Limited has certain financial covenants required by the lender, Shard Credit Partners. In the post year end period Oval Holdco breached one of these covenants and this breach was subsequently waived by Shard. Both Shard and Oval Holdco's ultimate controlling party, Chiltern Capital, remain supportive backers of the Group.

2.4 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2. ACCOUNTING POLICIES (continued)

2.5 REVENUE

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 LEASED ASSETS: THE COMPANY AS LESSEE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

2. ACCOUNTING POLICIES (continued)

2.9 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.10 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.11 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.13 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. ACCOUNTING POLICIES (continued)

2.14 INTANGIBLE ASSETS

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

OTHER INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.15 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	20% and 33% straight line
Telecoms equipment	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

2. ACCOUNTING POLICIES (continued)

2.18 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.20 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

3.

JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgments made by management that have a significant effect on the amounts recognised in the financial statements are described below.

Critical Judgments**Lease Commitments:**

Determine whether leases entered into by the company either as a lessor or lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Depreciation rates:

Tangible fixed assets are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Sources of estimation uncertainty**Impairment of fixed assets**

Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset, and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

4. EMPLOYEES

	2021 £	2020 £
Wages and salaries	2,257,317	2,371,300
Social security costs	281,774	275,384
Cost of defined contribution scheme	71,204	65,668
	<u>2,610,295</u>	<u>2,712,352</u>

The total redundancy and retrenchment costs, included above, are £22,850 (2020: £149,656).

The average monthly number of employees, including directors, during the year was 72 (2020: 70).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

5. INTANGIBLE ASSETS

	Development £	Goodwill £	Total £
COST			
At 1 November 2020	3,948,007	45,000	3,993,007
Additions	573,005	-	573,005
	<u>4,521,012</u>		
At 31 October 2021	<u>4,521,012</u>	<u>45,000</u>	<u>4,566,012</u>
AMORTISATION			
At 1 November 2020	2,612,602	45,000	2,657,602
Charge for the year on owned assets	508,340	-	508,340
	<u>3,120,942</u>		
At 31 October 2021	<u>3,120,942</u>	<u>45,000</u>	<u>3,165,942</u>
NET BOOK VALUE			
At 31 October 2021	<u>1,400,070</u>	-	<u>1,400,070</u>
At 31 October 2020	<u>1,335,405</u>	-	<u>1,335,405</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

6. TANGIBLE FIXED ASSETS

	Office equipment £	Telecoms equipment £	Total £
COST OR VALUATION			
At 1 November 2020	229,110	187,153	416,263
Additions	11,351	1,914	13,265
At 31 October 2021	<u>240,461</u>	<u>189,067</u>	<u>429,528</u>
DEPRECIATION			
At 1 November 2020	191,076	182,851	373,927
Charge for the year on owned assets	29,218	4,248	33,466
At 31 October 2021	<u>220,294</u>	<u>187,099</u>	<u>407,393</u>
NET BOOK VALUE			
At 31 October 2021	<u>20,167</u>	<u>1,968</u>	<u>22,135</u>
At 31 October 2020	<u>38,034</u>	<u>4,302</u>	<u>42,336</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

7. DEBTORS

	2021 £	2020 £
Trade debtors	258,876	220,320
Other debtors	-	36,249
Prepayments and accrued income	415,955	304,575
Tax recoverable	100,032	115,119
Deferred taxation	38,561	32,877
	<u>813,424</u>	<u>709,140</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Bank loans	-	29,024
Trade creditors	561,056	272,969
Other taxation and social security	266,170	564,304
Other creditors	40,374	23,574
Accruals and deferred income	391,299	359,426
	<u>1,258,899</u>	<u>1,249,297</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Bank loans	-	470,976
Amounts owed to group undertakings	330,163	394,333
	<u>330,163</u>	<u>865,309</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

10. LOANS

Analysis of the maturity of loans is given below:

	2021 £	2020 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	-	29,024
	-	29,024
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	-	108,916
	-	108,916
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	-	362,060
	-	362,060
	-	500,000

The loans are denominated in sterling (£) with a nominal interest rate of 3.72% plus the Bank of England base rate with repayments made in monthly instalments. The CBILS Loan was paid off in full during the financial year.

11. SHARE BASED PAYMENTS

In the prior year, Oval Holdco Ltd issued options over shares, with any costs being borne by Gradwell Communications Limited.

In the prior year, the Company issued a number of EMI share options for Ordinary shares of £0.001 to certain directors and senior employees of the Company as follows: 1,532,895 Options issued with an exercise price of £0.55 each and 1,072,833 options issued with an exercise price of £0.001. All options vested during the 2020 financial year.

In 2021 no such options were issued.

12. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £71,204 (2020: £64,348). At the year end, there were no outstanding contributions included in creditors (2020: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

13. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£	£
Not later than 1 year	151,769	151,769
1-2 years	88,532	151,769
2-5 years	-	88,532
	<u>240,301</u>	<u>392,070</u>

14. RELATED PARTY TRANSACTIONS

The company has taken the exemption allowed under section 33.1A of FRS 102 not to disclose transactions with other group companies, due to being 100% owned. There are no other related party transactions requiring disclosure.

15. CONTROLLING PARTY

The immediate parent company is Gradwell Holdings Limited, a company incorporated in the UK.

The ultimate parent company of the smallest group preparing consolidated financial statements is Oval Holdco Ltd, a company incorporated in the UK. The registered office is Westpoint, James Street West, Bath, Avon, BA1 2DA.

Consolidated financial statements can be obtained from the registered office.

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.