

KCOM CONTACT CENTRES LIMITED

Annual Report and Financial Statements

for the year ended 31 March 2020



KCOM CONTACT CENTRES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2020

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	4
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9,
Glossary	17

**KCOM CONTACT CENTRES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS**

DIRECTORS

G Sutherland (resigned 22 October 2019)
A Bielby (resigned 31 December 2019)
A Tong (appointed 31 December 2019, resigned 31 March 2021)
D Raneberg (appointed 14 November 2019)
M Pearson (appointed 15 February 2021)

COMPANY SECRETARY

M Pearson (appointed 9 December 2019)
S Jones (resigned 9 December 2019)

REGISTERED OFFICE

37 Carr Lane
Hull
East Yorkshire
HU1 3RE

BANKERS

Royal Bank of Scotland
3rd Floor
2 Whitehall Quay
Leeds
LS1 4HR

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

KCOM CONTACT CENTRES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present the annual report and the audited financial statements of the Company for the year ended 31 March 2020. This report has been presented in accordance with the special provisions relating to small companies within section 414B and 415A of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the provision of direct enquiry services. The Company is incorporated and domiciled in England.

RESULTS

The loss for the financial year amounts to £11,000 (2019: £123,000).

REVIEW OF THE BUSINESS

During the year, revenue declined by 82% to £32,000 (2019: £182,000) due to the decision made, as part of Group wide transformation activities, to exit areas of the business which are not of strategic focus. This resulted in the exit of contracts connected with the provision of call centre facilities on 31 March 2018. EBITDA before exceptional items has decreased to a loss of £11,000 (2019: profit of £49,000).

In the current year an exceptional credit of £Nil (2019: £331,000) has been recognised upon finalisation of restructuring and lease costs associated with the closure of these call centre facilities.

The Company continues to provide direct enquiry services.

DIVIDENDS

The Company has paid ordinary dividends of £Nil (2019: £Nil) during the year. The directors do not recommend the payment of a dividend (2019: £Nil).

DIRECTORS

The Directors who served during the year and up to the date of signing the financial statements are listed on page 1.

SECTION 172

The board of directors have acted in the way they consider, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to the matters set out in s172(1)(a-f) of the Companies Act 2006, in the decisions taken during the period. The Company is managed by the KCOM Group and the compliance with Section 172 is managed at the KCOM Group as a whole. Refer to pages 40-41 of the Consolidated Financial Statements of KCOM Group Limited for further details.

FINANCIAL RISK MANAGEMENT

In the normal course of business, the company is exposed to certain financial risks, principally interest rate risk, liquidity risk and credit risk. These risks are managed by the central treasury function of KCOM Group Limited (formerly KCOM Group PLC), in conjunction with the company, in accordance with risk management policies that are designed to minimise the potential adverse effects of these risks on financial performance. The policies are reviewed and approved by the Board of KCOM Group Limited (formerly KCOM Group PLC).

Further details of the financial risk management policies can be found on page 38 of the Directors' Report in the annual report and financial statements of KCOM Group Limited (formerly KCOM Group PLC).

KCOM CONTACT CENTRES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

A resolution has been passed to maintain PricewaterhouseCoopers LLP as auditors until such time as the Board decides otherwise.

Approved by the board, and signed on its behalf



M Pearson
Director

6th May 2021

KCOM CONTACT CENTRES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KCOM CONTACT CENTRES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, KCOM Contact Centres Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

KCOM CONTACT CENTRES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KCOM CONTACT CENTRES LIMITED

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Stuart Newman

Stuart Newman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
07 May 2021

KCOM CONTACT CENTRES LIMITED
INCOME STATEMENT
For the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Revenue	2	32	182
Operating (expense)/income		(46)	189
Operating (loss)/profit	3	(14)	371
Finance costs		-	(41)
(Loss)/profit before taxation		(14)	330
Tax on (loss)/profit	6	3	(453)
Loss for the financial year		(11)	(123)
Operating (loss)/profit analysed as:			
EBITDA		(14)	49
Exceptional credit	4	-	331
Amortisation of intangible assets	3	-	(2)
Depreciation of property, plant and equipment	3	-	(7)

There is no other comprehensive income for the year.

The notes on pages 9 to 16 are an integral part of these financial statements.

KCOM CONTACT CENTRES LIMITED
BALANCE SHEET
As at 31 March 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Intangible assets	7	-	-
		-	-
Current assets			
Trade and other receivables	8	30	74
Cash and cash equivalents		160	160
		190	234
Total assets		190	234
Current liabilities			
Trade and other payables	9	(4,214)	(4,247)
Total liabilities		(4,214)	(4,247)
Net liabilities		(4,024)	(4,013)
Equity			
Called up share capital	10	-	-
Accumulated losses		(4,024)	(4,013)
Total shareholders' deficit		(4,024)	(4,013)

The notes on pages 9 to 16 are an integral part of these financial statements.

The financial statements on pages 6 to 16 were approved by the Board of Directors and authorised for issue on 6 May 2021. They were signed on its behalf by:



M Pearson
Director

KCOM Contact Centres Limited

Company Registration No. 3703097

KCOM CONTACT CENTRES LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

	Called up share capital	Accumulated losses	Total shareholders' deficit
	£'000	£'000	£'000
At 1 April 2018	-	(3,890)	(3,890)
Loss for the financial year	-	(123)	(123)
Total comprehensive expense for the year	-	(123)	(123)
Employee share schemes	-	-	-
At 31 March 2019	-	(4,013)	(4,013)
Loss for the financial year	-	(11)	(11)
Total comprehensive expense for the year	-	(11)	(11)
At 31 March 2020	-	(4,024)	(4,024)

The notes on pages 9 to 16 are an integral part of these financial statements.

KCOM CONTACT CENTRES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

1. ACCOUNTING POLICIES

KCOM Contact Centres Limited is a private company limited by shares. KCOM Contact Centres Limited is incorporated and domiciled in England in the United Kingdom. The registered office is 37 Carr Lane, Hull, HU1 3RE.

The principal activity of the Company is the provision of direct enquiry services.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Basis of accounting

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act) as appropriate to companies using FRS101. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 11 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- a) Statement of cash flows
- b) Capital risk management
- c) Related party transactions
- d) Share based payments
- e) Accounting policies issued but not yet effective
- f) Financial instruments

The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

Critical accounting judgements and key sources of estimation uncertainty

The table below shows the judgements which have the most significant effect on amounts that are recognised in the financial statements, and the assumptions and estimates at the end of the current reporting year that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Area	Critical accounting judgement	Key sources of estimation uncertainty
<i>Exceptional items</i>		
Exceptional items are presented whenever significant expenses are incurred or income received as a result of events considered to be outside the normal course of business, where the unusual nature and expected frequency merits separate presentation to assist comparisons with previous periods.	The Directors are required to make judgements regarding whether transactions are outside the course of normal business and whether the presentation of exceptional items will assist in providing a meaningful comparison of the Company's trading results with previous periods. Within the current year the Directors have made judgements around the classification of certain restructuring costs.	The Directors do not consider there to be any estimates made which could have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

KCOM CONTACT CENTRES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

1. ACCOUNTING POLICIES (CONTINUED)

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 April 2019 that have had a material impact on the Company.

Going concern

The Company meets its day to day working capital requirements through its own available cash resources and if required by access to the bank facilities of the wider group held within MEIF 6 Fibre Limited.

At the end of year to 31 March 2020, the company was in a net liability position. However, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support from MEIF 6 Fibre Limited supported by the cash flows of the Group. The Group management has produced forecasts for the Group that have also been sensitised to reflect plausible downside scenarios as a result of the COVID-19 pandemic and its impact on the global economy, which have been reviewed by the Group directors. These demonstrate the Group is forecast to generate profits and cash and that the Group has sufficient cash reserves to enable the Group to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

The directors of KCOM Contact Centres Limited have received confirmation that this support will be for a period of at least 12 months from the date of signing of these financial statements.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment. The cost of property, plant and equipment is their purchase cost together with costs directly attributable to bring the asset to its working condition for its intended use.

Depreciation is provided so as to write off the cost of assets to residual values on a straight line basis over the assets' useful estimated lives as follows:

Exchange equipment	-	10 years
Vehicles, other apparatus and equipment	-	3 to 10 years

Intangible assets – software

Software comprises computer software purchased from third parties and also the cost of internally developed software. Computer software purchased from third parties and internally developed software is initially recorded at cost.

Intangible assets – customer relationships

Contractual customer and supplier relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer and supplier relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the relationship. These intangible assets are amortised on a straight-line basis over their useful lives.

KCOM CONTACT CENTRES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

1. ACCOUNTING POLICIES (continued)

Intangible assets – amortisation

Amortisation of intangible assets is charged to the income statement on a straight-line basis over the estimated useful lives of each intangible asset. Intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Software	- up to 5 years
Customer relationships	- up to 8 years

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are initially recognised at the amount of consideration that is unconditional. We do not have any material significant financing components. The Company holds trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- a breach of contract such as default or delinquency in payments.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off against the provision when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, this is done on a case by case basis. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company’s procedures for recovery of amounts due. Any subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet, unless a right of offset exists.

Payables

Payables are recognised initially at fair value and measured subsequently at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity.

Revenue recognition

Revenue excludes value added tax. The Company enters into contractual arrangements that include various performance obligations which operate independently of each other. Revenue is recognised in respect of the Company’s right to consideration for each performance obligation as it is satisfied.

KCOM CONTACT CENTRES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

1. ACCOUNTING POLICIES (CONTINUED)

Exceptional items

Exceptional items are presented whenever significant expenses are incurred or income is received as a result of events considered to be outside the normal course of business, where the unusual nature and expected frequency merits separate presentation to assist comparisons with previous periods. Items which are always classified as exceptional are:

- Regulatory matters;
- Onerous property leases; and
- Termination costs associated with Executive Directors.

Restructuring and transformational costs are considered on a case by case basis as to whether they meet the exceptional criteria. Other items are considered against the exceptional criteria based on the specific circumstances. The presentation is consistent with the way financial performance is measured by management and reported to the KCOM Group Limited (formerly KCOM Group PLC) Board

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax payable is currently based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and/or 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 balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised generally for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) 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 balance sheet date and reduced or increased to the extent that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 income statement, except when it relates to items recognised in other comprehensive income or directly to equity. In this case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Prior year adjustments to current and deferred taxes are recognised if the estimated tax position differs from the final tax position subsequently agreed with the taxation authority.

Pensions

Obligations for contributions to the defined contribution (money purchase) scheme are charged to the income statement in the period they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. REVENUE

Revenue is attributable to the principal activity of the Company of providing direct enquiry services and is generated wholly within the UK. In the prior year, revenue was also attributable to the provision of call centre facilities within the UK.

KCOM CONTACT CENTRES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	Note	2020 £'000	2019 £'000
Wages and salaries		-	25
Social security costs		-	4
Other pension costs		-	3
Other external charges		35	74
Auditors' remuneration for the audit of the financial statements		11	8
Depreciation of property, plant and equipment		-	7
Amortisation of intangible assets	7	-	2
Loss on disposal of property, plant and equipment		-	2
Group management recharge		-	17
Employee related exceptional items	4	-	(56)
Non-employee related exceptional items	4	-	(275)

Certain fees for non-audit services have been borne by a fellow group company. It is not practicable to ascertain what proportion of such fees relates to the Company.

As part of Group wide transformation activities, the company exited contracts relating to the provision of call centre facilities on 31 March 2018. The costs incurred in the prior year relate largely to the finalisation of these activities. The exceptional credit relates to the finalisation of restructuring and lease costs associated with the closure of the call centre facilities, see Note 4 for further details.

4. EXCEPTIONAL CREDIT

	2020 £'000	2019 £'000
Dilapidations provision release	-	275
Restructuring credit	-	56
Total	-	331

The Group has incurred high levels of restructuring costs in recent years as part of transformation activity. The Directors recognise the need to differentiate those costs outside the normal course of business from the underlying trading performance. Management scrutinises all restructuring costs on a line by line basis in order to determine the appropriate treatment. In the current year a credit of £Nil (2019: £0.1 million) was recognised from the release of the redundancy provision on completion of these activities.

In the current year a credit of £Nil (2019: £0.3 million) was recognised upon exit of an onerous lease and final settlement of all associated charges.

KCOM CONTACT CENTRES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

5. EMPLOYEES AND DIRECTORS

The average monthly number of employees was 0 (2019: 1).

During the year, Mr D Raneberg, Mr G Sutherland and Ms A Bielby were the Directors of KCOM Group Limited (formerly KCOM Group PLC), and fellow subsidiary companies. Mr A Tong was also a director of fellow subsidiary companies. It is not practicable to ascertain the proportion of emoluments that specifically relate to the Company. Aggregate emoluments paid to the Directors for their services as directors of KCOM Group Limited (formerly KCOM Group PLC) and fellow subsidiary companies is as follows:

	2020 £'000	2019 £'000
Remuneration	706	668
Aggregate amounts receivable under long term incentive plans	1,661	-
Company contributions paid to money purchase pensions schemes	99	118
Compensation for loss of office	950	-
Total	3,416	786

Retirement benefits were received either as cash or as contributions to the Defined Contribution pension scheme. None of the Directors have any prospective entitlement to defined benefits or cash balance benefits in respect of qualifying services.

The highest paid Director's emoluments were as follows:

	2020 £'000	2019 £'000
Total remuneration (including amounts receivable under long term incentive plans)	2,133	325

6. TAX ON (LOSS)/PROFIT

The (credit)/charge based on the (loss)/profit on ordinary activities before taxation for the year comprises:

	2020 £'000	2019 £'000
UK corporation tax:		
– current tax on (loss)/profit for the year	(3)	365
Total current tax	(3)	365
UK deferred tax:		
Origination and reversal of temporary differences in respect of:		
– (profit)/loss for the year	-	98
– change in rate	-	(10)
Total deferred tax	-	88
Total taxation (credit)/charge for the year	(3)	453

Factors affecting tax (credit)/charge for the year:

	2020 £'000	2019 £'000
(Loss)/profit before taxation	(14)	330
(Loss)/profit before taxation at the standard rate of corporation tax in the UK of 19% (2019: 19%)	(3)	63

Effects of:

– permanent differences	-	400
– change in rate reflected in the deferred tax asset	-	(10)
Total taxation (credit)/charge for the year	(3)	453

KCOM CONTACT CENTRES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

6. TAX ON PROFIT/(LOSS) (CONTINUED)

Factors affecting the current and future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. A further change to the main UK corporation tax rate was announced in the Budget on 11 March 2020, this was substantively enacted for IFRS purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the balance sheet date have been measured using the enacted tax rate of 19%.

7. INTANGIBLE ASSETS

	Customer relationships £'000	Software £'000	Total £'000
Cost			
At 1 April 2018	310	177	487
Disposals	-	(152)	(152)
At 31 March 2019 and 31 March 2020	310	25	335
Accumulated amortisation			
At 1 April 2018	310	175	485
Charge for the year	-	2	2
Disposals	-	(152)	(152)
At 31 March 2019 and 31 March 2020	310	25	335
Net book value			
At 31 March 2019 and 31 March 2020	-	-	-
At 31 March 2018	-	2	2

8. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Trade receivables	26	66
Group relief debtor	3	-
Accrued income	1	8
	30	74

9. TRADE AND OTHER PAYABLES

	2020 £'000	2019 £'000
Amounts owed to group undertakings	3,847	3,882
Group relief creditor	365	365
Accruals	2	-
	4,214	4,247

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

KCOM CONTACT CENTRES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

10. CALLED UP SHARE CAPITAL

	2020	2019
	£'000	£'000
Allotted and fully paid		
510,000 (2019: 510,000) "A" ordinary shares of £0.00001p (2019: £0.00001p) each	-	-
490,000 (2019: 490,000) "B" ordinary shares of £0.00001p (2019: £0.00001p) each	-	-
	-	-

11. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is KCH (Holdings) Limited. Copies of KCH (Holdings) Limited's annual report and financial statements can be obtained from 37 Carr Lane, Hull, HU1 3RE.

As at 31 March 2020, the parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is KCOM Group Limited, registered in England and Wales. The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is MEIF 6 Holdings Limited, registered in England and Wales. Copies of KCOM Group Limited and MEIF 6 Holding Limited's annual report and financial statements can be obtained from 37 Carr Lane, Hull, HU1 3RE.

The company's ultimate parent and controlling party is Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited), registered in Luxembourg.

12. SUBSEQUENT EVENTS

On 29 September 2020 the indirect Parent Company, MEIF 6 Fibre Limited, entered into a new external loan agreement to fund the activities of the Group. Certain statutory entities within the consolidated KCOM Group Limited (formerly KCOM Group PLC) accounts act as guarantors for the loan facility.

The agreement comprises of four facilities totalling total available funds of £475.0 million with a maturity date in 5 years.

On 30 September 2020 a combined amount of £320.0 million was drawn down under the agreement, with the remaining being available to draw down upon request over the duration of the loans.

KCOM CONTACT CENTRES LIMITED

GLOSSARY - UNAUDITED

ALTERNATIVE PERFORMANCE MEASURES

The Directors use the APM below as it is critical to understanding the financial performance of the Company. As it is not defined by IFRS, it may not be directly comparable with other companies who use similar measures.

APM	Closest equivalent IFRS measure	Definition and purpose	Reconciliation to closest equivalent IFRS measure
EBITDA before exceptional items ("EBITDA")	Profit before tax	<p>EBITDA before exceptional items is the key measure used by management to monitor the underlying performance of the Company. EBITDA before exceptional items is also reported to the Board, is incorporated in banking covenants and is an important measure for setting remuneration.</p> <p>EBITDA before exceptional items is important to the users of the financial statements as it assists with comparing performance from previous periods.</p> <p>The items classified as exceptional items are described in Note 4.</p> <p>EBITDA before exceptional items is defined as 'profit before tax' before share of profit before associates, finance costs, amortisation, depreciation and exceptional items.</p>	Loss before tax as quoted in the income statement (£14,000), add back finance costs (£Nil) as quoted on the income statement, add back amortisation (£Nil) as quoted in Note 7, add back depreciation (£Nil) and less exceptional credit of (£Nil) as quoted in Note 4.