Registered number: 03930041

Sprintlink UK Limited

Annual report and financial statements

For the year ended 31 December 2021

Sprintlink UK Limited

Company information

Director	Frederick L. Williams Jr. (appointed 13 April 2022) David Conroy (appointed 27 October 2021 resigned 13 April 2022) Katie Marie True-Awtry (resigned 27 October 2021)
Registered number	03930041
Registered office	The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1FE, England
Independent auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
Solicitors	Olswang LLP 90 High Holborn London WC1V 6XX
Bankers	Deutsche Bank Winchester House 1 Great Winchester Street London EC2N 2CB

Contents

Strategic report

For the year ended 31 December 2021

The director presents the strategic report on the Company for the year ended 31 December 2021.

The business review

On 1 April 2020, Sprint Corporation, the penultimate holding corporation of the Company completed a merger with T-Mobile US, Inc. T-Mobile US, Inc. is a subsidiary of Deutsche Telekom AG, which is incorporated in Germany. The Directors regard Deutsche Telekom AG as the Company's ultimate parent undertaking from that date and until the date of this report. Management does not expect the merger to have a significant impact on the operations of Sprintlink UK Limited.

Sprintlink UK Limited receives 100% of its funding from its immediate parent company, Sprint International Holding, Inc. A Letter of Support from Sprint International Holding, Inc. to Sprintlink UK Limited has been issued pledging financial support through to 31 December 2023 and therefore the financial statements have been prepared on the going concern basis.

Sprintlink UK Limited has a transfer pricing agreement with Sprintlink Netherlands B.V. The agreement is in support of the transfer pricing strategy implemented across all Sprint International entities, including Sprintlink UK Limited. The strategy focuses on providing global services to new and existing multinational customers. The agreement provides a full cost recovery system that will reimburse Sprintlink UK Limited for all operating expenses incurred during the year, which should generally result in a net operating profit.

Principal risks and uncertainties

The key business risks and uncertainties are considered to be in common with other telecommunication providers in the UK. These are principally regulatory compliance, network reliability and general market competition.

Foreign exchange risk

Sprintlink UK Limited attempts to limit foreign exchange risk on accounts receivable and payable balances by conducting the majority of its transactions in British Pounds. Sprintlink UK Limited does not use foreign exchange hedges or forward contracts relating to currency exposures.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sale contracts are completed.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, in the opinion of the company's director an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Strategic report
For the year ended 31 December 2021 (continued)

Future developments
Revenues and operating profits for 2022 are expected to remain broadly consistent with the current year.

Sprintlink UK Limited will continue to address challenges and changes within the telecommunications industry, both in the United Kingdom and around the globe. Sprintlink UK Limited will face these challenges with the network and financial assistance of its T-Mobile US, Inc. affiliated US and International partners.

This report was approved by the director on 5 August 2022.

DocuSigned by:
Fred Williams
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Frederick L. Williams Jr. (Appointed 13 April 2022)
Director

Director's report

For the year ended 31 December 2021

The director presents the report and the audited financial statements of the Company for the year from 01 January 2021 to 31 December 2021.

On 1 April 2020, Sprint Corporation completed a merger transaction with T-Mobile US, Inc. Management does not expect the merger to have significant impact on the operations of Sprintlink UK Limited. Accordingly, the financial year end date of the company was changed in the previous period from 31 March to 31 December to align with the financial year end of T-Mobile US, Inc. As such, the comparative period covers the nine months from 1 April 2020 to 31 December 2020 and is therefore not directly comparable.

Results and dividends

The profit for the year, after taxation, amounted to £101,235 (31 December 2020 loss: £(1,100,827)).

The director does not recommend a dividend in respect of the year ended 31 December 2021 (31 December 2020: £Nil).

Directors

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

Katie Marie True-Awtry (resigned 27 October 2021)

David Conroy (appointed 27 October 2021 and resigned 13 April 2022)

The following director was appointed after the year end:

Frederick L. Williams Jr. - Director (appointed 13 April 2022)

Qualifying third party indemnity provisions

The Company has granted an indemnity to its director against a liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the director's report.

Political and charitable donations

There were no individual political donations made during the year ended 31 December 2021 (31 December 2020: £Nil).

Future developments

An indication of the likely future developments of the Company is provided in the strategic report.

Post balance sheet events

There were no significant events post period end impacting the Company which require adjustment or disclosure in the financial statements.

Disclosure of information to auditor

The director at the time when this director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all 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 auditor is aware of that information.

Director's report

For the year ended 31 December 2021 (continued)

Independent auditor

In accordance with section 487 of the Companies Act 2006, the auditor KPMG will be deemed to be reappointed and will therefore continue in office.

This report was approved by the director on 5 August 2022

DocuSigned by:

Fred Williams

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Frederick L. Williams Jr.
Director

Statement of directors' responsibilities in respect of the directors' report and the financial statements

For the year ended 31 December 2021

The directors are responsible for preparing the directors' report, strategic 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 they have elected to prepare the financial statements in accordance with FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This report was approved by the director on 5 August 2022

DocuSigned by:
Fred Williams
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Frederick L. Williams Jr.
Director

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINTLINK UK LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sprintlink UK Limited ('the Company') for the year ended 31 December 2021 set out on pages 10 to 25, which comprise the statement of profit and loss and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 4. The financial reporting framework that has been applied in their preparation is UK Law and *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINTLINK UK LIMITED (continued)

Conclusions relating to going concern (continued)

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 the date 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.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors and management. In addition, our risk assessment procedures included: inquiring with the directors and management as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors or management have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINTLINK UK LIMITED (continued)

Detecting irregularities including fraud (continued)

In response to risk of fraud, we also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of 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 as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINTLINK UK LIMITED (continued)

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Richard N. Hobson

5 August 2022

Richard Hobson (Senior Statutory Auditor)
for and on behalf of
KPMG, Statutory Auditor
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Statement of profit and loss and other comprehensive income

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £	Period from 1 April 2020 to 31 December 2020 £
Turnover	6	11,788,864	9,685,368
Cost of sales		(7,513,498)	(6,633,339)
Gross profit		4,275,366	3,052,029
Administrative expenses		(4,053,340)	(2,889,493)
Operating profit	7	222,026	162,536
Interest payable and similar charges	9	(178,859)	(1,241,998)
Profit/(loss) before tax		43,167	(1,079,462)
Tax on profit/(loss)	10	58,068	(21,365)
Profit/(loss) for the financial year/period		101,235	(1,100,827)

The Company had no other comprehensive income during the year or the prior period.
All amounts relate to continuing operation.

Sprintlink UK Limited

Registered number: 03930041

Balance sheet

as at 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
Fixed assets			
Tangible assets	11	**687,673**	916,081
Current assets			
Debtors: amounts falling due after more than one year	12	**396,668**	340,894
Debtors: amounts falling due within one year	12	**3,735,899**	3,139,147
Cash at bank		**626,877**	1,457,022
		4,759,444	4,937,063
Creditors: amounts falling due within one year	13	**(557,381)**	(358,842)
Net current assets		**4,202,063**	4,578,221
Total assets less current liabilities		**4,889,736**	5,494,302
Creditors: amounts falling due after more than one year	14	**(4,785,256)**	(5,606,397)
Net assets/(liabilities)		**104,480**	(112,095)
Capital and reserves			
Called up share capital	16	**2**	2
Capital contribution reserve		**1,612,957**	1,497,617
Retained earnings		**(1,508,479)**	(1,609,714)
Total equity		**104,480**	(112,095)

The financial statements on pages 10 to 25 were approved and authorised for issue by the director on 5 August 2022.

DocuSigned by:

Fred Williams

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Frederick L. Williams Jr.

Director

The notes on pages 13 to 25 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2021

	Called up share capital	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2021	2	1,497,617	(1,609,714)	(112,095)
Profit for the financial year	-	-	101,235	101,235
Capital contribution in respect of share-based payment	-	115,340	-	115,340
At 31 December 2021	2	1,612,957	(1,508,479)	104,480

	Called up share capital	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2020	2	1,316,582	(508,887)	807,697
Loss for the financial period	-	-	(1,100,827)	(1,100,827)
Capital contribution in respect of share-based payment	-	181,035	-	181,035
At 31 December 2020	2	1,497,617	(1,609,714)	(112,095)

The notes on pages 13 to 25 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2021

1 General information

The principal activity of Sprintlink UK Limited ("the Company") is provision of telecommunication services in the United Kingdom.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, MK9 1FE, England and the registered number is 0390041.

Change in accounting period

On 1 April 2020, Sprint Corporation completed a merger transaction with T-Mobile US, Inc. Management does not expect the merger to have significant impact on the operations of Sprintlink UK Limited. Accordingly, the financial year end date of the Company was changed in the previous period from 31 March to 31 December to align with the financial year end of T-Mobile US, Inc. The comparative period reflects the 9 months between 1 April 2020 and 31 December 2020, and as such is not directly comparable.

2 Statement of compliance

The individual financial statements of Sprintlink UK Limited have been prepared in compliance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" and the Companies Act 2006.

3 Going concern

The financial statements have been prepared on a going concern basis. In concluding that it was appropriate to adopt this basis, the director has relied upon the undertaking of the parent company, Sprint International Holding, Inc. to provide continued financial support to the company through to 31 December 2023.

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.1 Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

4.2 Exemptions for qualifying entities under FRS 102

FRS102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions on the basis that it meets the definition of a qualifying entity and its intermediate parent, T-Mobile US, Inc., includes the equivalent disclosures in its own consolidated financial statements. Details of where those financial statements may be obtained can be found in note 20.

4 Summary of significant accounting policies (continued)

4.2 Exemptions for qualifying entities under FRS 102 (continued)

- the requirement to prepare a statement of cash flows (Section 7 of FRS 102 and para 3.17(d));
- certain financial instruments disclosures (FRS 102 paras 11.39-11.48A, 12.26-12.29);
- certain disclosure requirements of Section 26 in respect of share based payments (FRS 102 paras 26.18(b), 26.19-26.21, 26.23);
- the non-disclosure of key management personnel compensation in total (FRS 102 para 33.7); and
- the requirements of Section 33 Related Party Disclosures (FRS 102 para 33.1A).

4.3 Turnover

Turnover comprises capacity and installation fees, excluding value added tax. Capacity fees are recognised as services are rendered to the customer.

4.4 Employee benefits

(i) Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) 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 the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

(iii) Share based payments
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit or loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

When the terms and conditions of the options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with fair value of goods and services received.

4.5 Interest payable

Interest payable is charged to the profit and loss account 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.

4.6 Interest receivable

Interest receivable is recognised in the profit and loss account using the effective interest method.

4 Summary of significant accounting policies (continued)

4.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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 balance sheet 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 balance sheet 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 fair values of assets acquired and the future tax deduction 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 balance sheet date.

4.8 Tangible fixed assets

Tangible assets are stated at historical cost, less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided on the following basis:

Network equipment	14-20% per annum
Office equipment	20-33% per annum

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 the profit and loss account.

4.9 Operating leased assets

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

4 Summary of significant accounting policies (continued)

4.10 Financial instruments

(i) Financial assets

Basic financial assets, including trade debtors, cash at bank and amounts due from group undertakings, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost. At the end of each reporting period financial assets are assessed for objective evidence of impairment. 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 the profit and loss account.

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 the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts due to group undertakings, 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 are subsequently measured at amortised cost using the effective interest method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

4.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the financial statements

For the year ended 31 December 2021 (continued)

4 Summary of significant accounting policies (continued)

4.12 Foreign currency translation

(i) Functional and presentation currency

The company's functional and presentation currency is pounds sterling.

(ii) 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 profit and loss account.

5 Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimate useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the plant, property and equipment.

(ii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience. See note 12 for the net carrying amount of the debtors.

(iii) Taxes

Determining income tax provisions involves judgements on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable income against which these can be offset. See note 15 for details of deferred tax recognised.

(iv)Amounts owed to group undertakings

The carrying value of the amounts owed to group undertakings and associated imputed interest charge are sensitive to changes in repayments dates, which are reassessed annually. See note 14 for the carrying value.

6 Turnover

All revenue is generated from the provision of telecommunication services within the United Kingdom.

7 Operating profit

The operating profit is stated after charging/(crediting):

	Year ended 31 December 2021	Period from 1 April 2020 to 31 December 2020
	£	£
Depreciation of tangible fixed assets - owned by the company	232,335	222,810
Loss/(gain) on foreign exchange	135,813	(163,067)
Operating lease expense	974,480	926,343

The audit fee for the audit of these financial statements and any other services provided for the year ended 31 December 2021 will be borne by a group company with no recharge to the UK company.

8 Employees

Staff costs were as follows:

	Year ended 31 December 2021	Period from 1 April 2020 to 31 December 2020
	£	£
Wages and salaries	2,857,217	2,325,976
Social security costs	307,634	263,037
Defined contribution pension scheme	149,436	106,589
	3,314,287	2,695,602

Included within wages and salaries is an amount of £115,340 (31 December 2020: £181,035) which relates to the cost of the employee share scheme (see note 17).

The Company makes contributions to employees' personal pension plans which are charged to the profit and loss account as they accrue. Contributions payable during the period amounted to £149,436 (31 December 2020: £106,589). There were no contributions outstanding at 31 December 2021 (31 December 2020: £nil).

The director during the year did not receive any remuneration in respect of services to the Company (31 December 2020: £nil). However, the director participated in the employee share scheme and exercised share options during the period.

8 Employees (continued)

The average monthly number of employees, including the director, during the year was as follows:

	Year ended 31 December 2021 No.	Period from 1 April 2020 to 31 December 2020 No.
Sales	7	7
Administration	3	3
Production	16	15
	26	25

9 Interest receivable/payable and similar charges

	Year ended 31 December 2021 £	Period from 1 April 2020 to 31 December 2020 £
Interest payable on loans from group companies (note 14)	178,859	1,241,998

10 Taxation

	Year ended 31 December 2021 £	Period from 1 April 2020 to 31 December 2020 £
Current taxation		
Current tax on income for the period	-	2,293
UK corporation tax adjustment to prior periods	(2,294)	-
	(2,294)	2,293
Deferred tax		
Origination and reversal of timing differences	(55,774)	19,072
Total deferred tax	(55,774)	19,072
Tax (credit)/charge on profit/(loss)	(58,068)	21,365

Factors affecting tax charge for the year

The tax assessed for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%). The differences are explained below:

Notes to the financial statements

For the year ended 31 December 2021 (continued)

10 Taxation (continued)

	Year ended 31 December 2021	Period from 1 April 2020 to 31 December 2020
	£	£
Profit/(loss) on ordinary activities before tax	43,167	(1,079,462)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31 March 2020: 19%)	8,202	(205,098)
Effects of:		
Expenses not deductible for tax purposes	33,982	226,766
Tax decrease from effect of exercise of employee share options	(10,633)	(303)
Adjustments to tax charge in respect of previous periods	5,581	-
Impact of change in tax rates	(95,200)	-
Total tax (credit)/charge for the year/period	(58,068)	21,365

Factors that may affect future tax charges

In the 3 March 2021 budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. An increase in the UK corporation tax rate to 25% (effective 1 April 2023) was substantially enacted on 24 May 2021. Deferred tax has therefore been recognised at the 25% rate substantively enacted at the balance sheet date.

11 Tangible fixed assets

	Network equipment	Office equipment	Total
	£	£	£
Cost			
At 1 January 2021	21,139,704	1,670,377	22,810,081
Additions	3,927	-	3,927
At 31 December 2021	21,143,631	1,670,377	22,814,008
Accumulated depreciation			
At 31 December 2021	20,245,646	1,648,354	21,894,000
Charge for the year	210,312	22,023	232,335
At 31 December 2021	20,455,958	1,670,377	22,126,335
Net book value			
At 31 December 2021	687,673	-	687,673
At 31 December 2020	894,058	22,023	916,081

12 Debtors

Due after more than one year	31 December 2021 £	31 December 2020 £
Deferred tax asset (see note 15)	396,668	340,894

Due within one year	31 December 2021 £	31 December 2020 £
Trade debtors	264,109	292,739
Amounts owed by group undertakings	2,991,079	2,600,423
Prepayments and accrued income	264,226	200,448
VAT recoverable	216,485	45,537
	3,735,899	3,139,147

Amounts owed by group undertakings are unsecured, interest free and repayable within one year.

13 Creditors: amounts falling due within one year

	31 December 2021 £	31 December 2020 £
Trade creditors	117,482	87,226
Taxation and social security	86,485	83,105
Other creditors	353,414	188,511
	557,381	358,842

14 Creditors: amounts falling due after more than one year

	31 December 2021 £	31 December 2020 £
Amounts owed to group undertakings	4,785,256	5,606,397

The above non-interest bearing amounts have no fixed repayment schedule, however the parent undertaking is not seeking repayment of this debt within 12 months. Consequently amounts owed to parent undertaking have been disclosed within amounts falling due after more than one year. The imputed interest payable on this loan is disclosed in note 9.

Notes to the financial statements

For the year ended 31 December 2021 (continued)

15 Deferred taxation

	Deferred tax
	£
At 1 January 2021	340,894
Credited to profit and loss account	55,774
At 31 December 2021	396,668

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The deferred tax asset is made up as follows:

	31 December 2021	31 December 2020
	£	£
Accelerated capital allowances	235,397	202,710
Total losses carried forward	161,271	138,184
	396,668	340,894

All deferred tax assets have been recognised for the year ended 31 December 2021 and period from 1 April 2020 to 31 December 2020.

16 Called up share capital

Shares classified as equity

Allotted, called up and fully paid

	2021 No.	2021 £	2020 No.	2020 £
Ordinary shares of £1 each	2	2	2	2

17 Share-based payments

Share-based payments

On April 1, 2020, T-Mobile and Sprint merged pursuant to the Business Combination Agreement ("the Merger"). Upon the completion of the Merger, T-Mobile assumed Sprint's stock compensation plans. In addition, each outstanding stock-based award was automatically adjusted by the Exchange Ratio defined in the Business Combination Agreement and converted into an equity award of the same type of T-Mobile common stock, on the same terms and conditions, (including, if applicable, any continuing vesting requirements (but excluding any performance-based vesting conditions)) under the applicable Sprint plan and award agreement in effect immediately prior to the Merger.

Under the 2013 Omnibus Incentive Plan and the Sprint Corporation Amended and Restated 2015 Omnibus Incentive Plan that T-Mobile assumed in connection with the closing of the Merger, the Compensation Committee of the Board of Directors ("Compensation Committee") of T-Mobile, or one or more executive officers should the Compensation Committee so authorize, may grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other equity-based and cash awards to our employees, outside directors and certain other eligible individuals as defined by the plan. In general, options are granted with an exercise price equal to the market value of the underlying stock on the grant date, vest on an annual basis over three years, and have a contractual term of ten years.

Restricted stock units generally have performance and service requirements or service requirements only with vesting periods ranging from one to three years. No performance-based restricted stock units were awarded in the year ended 31 December 2021. Performance-based restricted stock units are granted in each period once the performance objectives are established by the Compensation Committee, usually during the first quarter of each fiscal year. Employees and directors who are granted restricted stock units are not required to pay for the shares but must remain employed with us or continue to serve as a member of our board of directors, until the restrictions on the shares lapse, which is typically three years for employees. During the year ended 31 December 2021, a total of 1,738 restricted stock units vested with a weighted average share price at the date of exercise of $139.13.

The Company uses new shares to satisfy share-based awards.

Stock options

The fair value of each option award is estimated on the grant date using the Black-Scholes option valuation model, based on several assumptions including the risk-free interest rate, volatility, expected dividend yield and expected term. Options outstanding as of 31 December 2021 include options granted under the Sprint 2015 Plan and the Sprint 2007 Plan as discussed above. The risk-free rate used is based on the U.S. Treasury yield curve in effect on the measurement date, with a term equal to the expected term of the options. The volatility used is the implied volatility from traded options on Sprint's/T-Mobile's common shares over a period that approximates the expected term of the options. The expected dividend yield used is estimated based on historical dividend yield and other factors. The expected term of options granted is estimated using the simplified method, defined as the average of the vesting term and the contractual term as our historical data is not expected to represent the future expected term of equity awards due to the severance activities of Sprint over the last several years.

Notes to the financial statements

For the year ended 31 December 2021 (continued)

17 Share-based payments (continued)

Compensation costs

The cost of employee services received in exchange for a share-based award classified as equity is measured using the estimated fair value of the award on the date of the grant, and that cost is recognized over the period that the award recipient is required to provide service in exchange for the award. Awards of instruments classified as liabilities are measured at the estimated fair value at each reporting date through settlement.

For the year ended 31 December 2021 and period ended December 31, 2020, the compensation cost charged against income was £115,340 and £181,035, respectively, related to equity-settled awards. As the Company is not required to pay the parent for these costs, these amounts have been credited to the captial contribution reserve in equity.

18 Commitments under operating leases

The Company had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 December 2021 £	31 December 2020 £
Not later than 1 year	467,913	478,105
Later than 1 year and not later than 5 years	32,545	144,660
Total	500,458	622,765

19 Related party transactions

The Company is exempt from disclosing related party transactions with other group undertakings under paragraph 33.1A of FRS 102 as all such transactions during the year and preceding period were with other companies that are wholly owned by T-Mobile US, Inc.

20 Ultimate controlling party

The Company is a wholly-owned subsidiary of T-Mobile US, Inc., a company incorporated in the USA (with its registered office at 12920 SE 38th Street, Bellevue WA 98006) and traded on the NASDAQ stock exchange. Copies of the group accounts of T-Mobile US, Inc., which is the smallest group of which the company is a member and for which publicly available group accounts are prepared, are available from its registered office and from https://investor.t-mobile.com. T-Mobile US, Inc. is a subsidiary of Deutsche Telekom AG, which is incorporated in Germany (with its registered office at Friedrich-Ebert-Allee 140, 53113 Bonn) and traded on the Deutsche Borse XETRA stock exchange. The Directors regard Deutsche Telekom AG as the company's ultimate parent undertaking. Copies of the group accounts of Deutsche Telekom AG, which is the largest group of which the company is a member and for which publicly available group accounts are prepared, are available from its registered office and from https://report.telekom.com.

21 Comparative periods

The financial statements have been prepared for the twelve-month period from 1 January 2021 to 31 December 2021. The comparative period is for the nine-month period from 1 April 2020 to 31 December 2020, and therefore is not directly comparable.

22 Post balance sheet events

There were no significant events post period end impacting the Company which require adjustment or disclosure in these financial statements.

23 Approval of the financial statements

The financial statements were approved on 5 August 2022.

DocuSigned by:
Fred Williams
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Frederick L. Williams Jr.
Director