

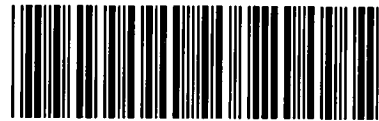
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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M Geraghty M Flick R Flynn J Kennedy (resigned 20 July 2018)
<b>Registered number</b>	04648708
<b>Registered office</b>	Olive House Mercury Park Wooburn Green High Wycombe Buckinghamshire HP10 0HH
<b>Independent auditors</b>	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Radius House 51 Clarendon Road Watford Herts WD17 1HP

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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**CONTENTS**

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	Page
<b>Strategic Report</b>	1 - 3
<b>Directors' Report</b>	4 - 6
<b>Independent Auditors' Report</b>	7 - 9
<b>Statement of Comprehensive Income</b>	10
<b>Balance Sheet</b>	11
<b>Statement of Changes in Equity</b>	12
<b>Notes to the Financial Statements</b>	13 - 30

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2019

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#### Introduction

The Directors present their annual report and audited financial statements for the year ended 31 January 2019.

#### Business review

The year has been a successful one for Olive, building on the prior year performance of increasing cloud communication and contact centre revenues which have continued to grow organically by 20% YOY to £14m, representing over 48% of total sales. Notable wins during the year include an 800 site UK retail business with 10,000 employees, which when added to a number of mid-market deployments have contributed to an increase of future contracted cloud revenues of more than £45m and underpinned strong quality of earnings.

For the second year in succession, traditional mobile revenue has come under market pressure in line with sector conditions and this has resulted in a decrease in mobile revenue which, when reviewing the company turnover compared to the prior year, masks the top line growth of cloud. At a gross margin level strong cost controls have mitigated the reduced revenue impact on overall profitability with actual gross margin remaining largely flat year-on-year.

Ongoing proposition development has seen the creation of two distinct business units (Business & Enterprise) to accommodate the needs of our growing but diverse customer base. The former is focused on UK Based SME's whilst the latter is supporting larger domestic and multi-national customers on our World Cloud Platform. International expansion is planned to continue following the successful launch of Olive Cloud Services Pty Ltd in Australia and plans are underway to open offices in North America.

Overall revenue fell by 7.7% to £28.9m as a result of predicted mobile decline, whilst gross margins improved by 3.0% to 44.2%. Investment in systems, processes and digitalisation led to a reduction in administrative costs of 7.2%, which in turn supported a 120% increase in EBITDA from prior year £0.5m to £1.1m in FY19. Closing cash increased by 92.2% to £2.2m and strong cash conversion helped contribute to a 44% reduction of senior debt during the year. This has afforded reduced leverage and increased the potential to create investment funding in consideration of potential acquisition opportunities.

Olive's management team was strengthened with the appointment of a COO and CTO, both of whom will help drive further investment in the Cloud Managed Service Platform and an expanding portfolio of proprietary SaaS based applications and services. This will be in conjunction with our strategic partners and a strong focus for the year ahead will be continuing organic growth by delivering on a well-qualified pipeline and strong order book carried forward into the current year.

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2019

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#### Principal risks and uncertainties

The company operates in a highly competitive market and benefits from a number of long-standing relationships with key suppliers and customers. These relationships are a key focus of management attention at all levels of the organisation to maximise business opportunities and manage the risk of any adverse impact on the financial performance of the company.

Changes in the technology market can be swift and this represents a risk to traditional resellers, however management believe that the Olive strategy shift in 2014 has to a large extent, mitigated this risk. As part of a continued focus on risk management, technology trends that may impact the customers and markets in which Olive operates are regularly reviewed and the development of potential new partnerships to further enhance expertise and to take advantage of opportunities early in the technology life cycle are continually explored and evaluated.

Due to the nature of the business the directors consider that the only financial risks that are relevant to the company are credit, funding and liquidity risk.

#### Credit Risk

The principal credit risk arises from trade debtors. A large proportion of company revenue is derived from revenue share received on a monthly basis from large corporations with high credit ratings. In addition, with no single customer representing more than 5% of revenues, the directors consider the risk of default to be very low.

In order to manage the credit risk of other trade debtors the directors set credit limits based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis by the Finance function in light of payment history and debt ageing.

#### Funding and Liquidity Risk

Working capital demands from the monthly cash requirements of operations are subject to fluctuations based on the timing of revenue receipts. Risk arises from this due to the need to maintain sufficient cash liquidity. The company has increased its balance of cash and cash equivalents across the year, continues to maintain a close relationship with its bankers, has reduced senior debt to a five-year low by design and enjoys solid support from the loan note holders of its parent company who are also that company's principal equity holders. In addition, regular detailed cash flow forecasts are prepared and reviewed by the Finance team on a bi-weekly basis and by the Board on a monthly basis.

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2019

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#### Financial key performance indicators

The table below sets out measures considered by the Board to be key indicators of financial performance for the business:


	2019	2018	% change
Revenue	£28.9m	£31.3m	-7.7%
Gross Margin %	44.2%	41.2%	+3.0%
EBITDA	£1.1m	£0.5m	+120.0%

Olive saw revenue fall by 7.7% year-on-year with strong growth in cloud revenue only partially offsetting the decline in mobile revenue which continues to suffer from an extremely price sensitive market and reduced investment levels by network operators.

Gross margin shows significant improvement as a result of a strong focus on cost of sales ensuring investment is aligned with revenue, particularly where this is impacted by competitive pressures in relation to mobile network revenues as noted above.

EBITDA is considered the primary measure of financial performance by the directors and has improved by £0.6m to £1.1m. This reflects improved operational performance in reducing both direct cost of sales and the overhead cost base.

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

  
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**M Flick**  
Director

Date: 10/7/2019

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2019

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The directors present their report and the financial statements for the year ended 31 January 2019.

#### Directors' responsibilities statement

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.

#### Results and dividends

The loss for the year, after taxation, amounted to £496,172 (2018 - loss £1,319,769).

This represents a strong improvement on the prior year and resulted in an excellent cash performance with the year-end cash balance increasing to £2.2m (2018 £1.2m).

At an operating level, the loss for the year of -£0.4m (2018 loss -£1.3m) represents a 72% improvement on the prior year. The profitability of the company continued to be negatively impacted by the amortisation of intangible acquisition costs, although these costs are due to significantly diminish going forward and the impact of this, in addition to the savings being driven through cost of sales opportunities and overheads, will improve company profitability during the coming financial year.

Margins within the mobile business continue to decline. Increasing pressures within the wider mobile industry have driven a reduction in ARPUs as a result of the growth of bundled tariffs and regulatory impacts such as EU roaming legislation changes in July 2017. In contrast margins within the unified communications business continue to be solid and the transition to 'as a service' requirements from customers within this space presents future opportunities for margin growth. In addition, given the longer term more predictable nature of the revenues from the unified communications business, this represents an improvement in quality of earnings that the company is generating.

The company continues to receive strong support from its shareholders and the long-term loan note holders of its parent company.

No dividends have been declared.

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2019

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#### Directors

The directors who served during the year were:

M Geraghty  
M Flick  
R Flynn  
J Kennedy (resigned 20 July 2018)

#### Future developments

Olive will continue to leverage its excellent reputation in unified communications, partner accreditations and customer reference ability to expand both its market offerings and resource capability within the unified communications sector. This will see investment in new staff to bring service support in-house and service benefits to Olive's customers as well as investment in a Cloud Managed Service Platform to facilitate business scaling in line with the growing market opportunity.

An additional focus for the company is on the expansion of its international capabilities to provide scope to continue to expand on the portfolio of cross border implementations that have been successfully executed and on 24/7 service support for existing and future customers. The first step is the setting up of a support service operation in Australia to support existing customers with activities in that region as well as to provide 24-7 support for all Olive customers. Discussions are currently underway to establish a similar presence in North America.

The company expects to remain at the forefront of new technology and will continue to maintain strong relations with key partners including Vodafone and Mitel.

Investments in marketing are anticipated to deliver enhanced external visibility across all media including social platforms and development of sector specific propositions.

#### 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.

#### Post balance sheet events

In April 2019 a significant contract with a major UK financial institution was signed which will add approximately £9.1m future contracted revenue to the order book of the business.

#### Auditors

The auditors, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.



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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2019**

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



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**M Flick**  
Director

Date: 10/7/2019

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OLIVE BUSINESS SOLUTIONS LIMITED

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#### Opinion

We have audited the financial statements of Olive Business Solutions Limited (the 'Company') for the year ended 31 January 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 January 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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

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

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

#### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

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## **OLIVE BUSINESS SOLUTIONS LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OLIVE BUSINESS SOLUTIONS LIMITED (CONTINUED)**

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inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **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.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement 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.

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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OLIVE BUSINESS SOLUTIONS  
LIMITED (CONTINUED)**

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**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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 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 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Cundale BSc FCA (Senior Statutory Auditor)

for and on behalf of  
**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts

WD17 1HP

Date: 16 July 2019

**OLIVE BUSINESS SOLUTIONS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JANUARY 2019**

	Note	2019 £	2018 £
Turnover	4	28,903,295	31,268,242
Cost of sales		(16,128,018)	(18,387,270)
<b>Gross profit</b>		<b>12,775,277</b>	<b>12,880,972</b>
Administrative expenses		(13,126,700)	(14,146,037)
<b>Operating loss</b>	5	<b>(351,423)</b>	<b>(1,265,065)</b>
Interest payable and expenses	9	(88,932)	(130,907)
<b>Loss before tax</b>		<b>(440,355)</b>	<b>(1,395,972)</b>
Tax on loss	10	(55,817)	76,203
<b>Loss for the financial year</b>		<b>(496,172)</b>	<b>(1,319,769)</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>(496,172)</b>	<b>(1,319,769)</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

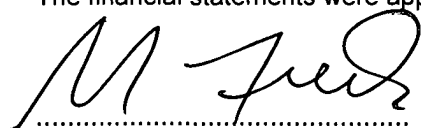
The notes on pages 13 to 30 form part of these financial statements.

**OLIVE BUSINESS SOLUTIONS LIMITED**  
**REGISTERED NUMBER: 04648708**

**BALANCE SHEET**  
**AS AT 31 JANUARY 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	11	38,124	1,338,583
Tangible assets	12	511,973	398,813
		<u>550,097</u>	<u>1,737,396</u>
<b>Current assets</b>			
Stocks	13	208,740	72,039
Debtors: amounts falling due within one year	14	17,784,797	18,189,356
Cash at bank and in hand	15	2,236,325	1,162,205
		<u>20,229,862</u>	<u>19,423,600</u>
Creditors: amounts falling due within one year	16	(24,370,121)	(23,016,794)
<b>Net current liabilities</b>		<u>(4,140,259)</u>	<u>(3,593,194)</u>
<b>Total assets less current liabilities</b>		<u>(3,590,162)</u>	<u>(1,855,798)</u>
Creditors: amounts falling due after more than one year	17	(380,565)	(1,668,653)
<b>Provisions for liabilities</b>			
Deferred tax	21	(49,896)	-
		<u>(49,896)</u>	<u>-</u>
<b>Net liabilities</b>		<u><u>(4,020,623)</u></u>	<u><u>(3,524,451)</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	100	100
Profit and loss account	23	(4,020,723)	(3,524,551)
		<u><u>(4,020,623)</u></u>	<u><u>(3,524,451)</u></u>

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



**M Flick**  
Director

Date: 10/7/2019

The notes on pages 13 to 30 form part of these financial statements.

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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2019**

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	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 February 2017</b>	<b>100</b>	<b>(2,204,782)</b>	<b>(2,204,682)</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(1,319,769)	(1,319,769)
<b>At 1 February 2018</b>	<b>100</b>	<b>(3,524,551)</b>	<b>(3,524,451)</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(496,172)	(496,172)
<b>At 31 January 2019</b>	<b>100</b>	<b>(4,020,723)</b>	<b>(4,020,623)</b>

The notes on pages 13 to 30 form part of these financial statements.

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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#### 1. General information

Olive Business Solutions Limited (the "Company") is a company incorporated and domiciled in England & Wales.

#### 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 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Olive Communications Solutions Limited as at 31 January 2019 and these financial statements may be obtained from Companies House.

##### 2.3 Going concern

The Company is loss making in the current and prior years, and as at the balance sheet date is in a net liabilities position.

Management have prepared detailed cash flow forecasts, covering a period of not less than 12 months into the future. Based on these and the trading activity and pipeline that exists, they have concluded that the application of the going concern assumption in the preparation of these financial statements is appropriate.



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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**2. Accounting policies (continued)**

**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 except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**2. Accounting policies (continued)**

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue 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 revenue 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 the Statement of Comprehensive Income 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.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 February 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.7 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income 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.

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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#### 2. Accounting policies (continued)

##### 2.8 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

##### 2.9 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 the Statement of Comprehensive Income 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.

##### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 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 balance sheet date.

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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#### 2. Accounting policies (continued)

##### 2.11 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.

##### 2.12 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:

Long-term leasehold property	- 10 years straight line or life of lease if shorter
Improvements	
Motor vehicles	- 3 years straight line
Fixtures and fittings	- 3 years straight line
Office equipment	- 3 years straight line
Computer equipment	- 3 to 5 years 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 the Statement of Comprehensive Income.

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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#### 2. Accounting policies (continued)

##### 2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.14 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.

##### 2.15 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.

##### 2.16 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.

##### 2.17 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 the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

##### 2.18 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,

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## OLIVE BUSINESS SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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## 2. Accounting policies (continued)

### 2.18 Financial instruments (continued)

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

### 2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## 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 following judgements (apart from those involving estimates) have had the most significant effects on the amounts recognised in the financial statements:

- The revenue and costs recognised under long term Converged Solutions contracts, has been individually assessed for each contract as at the period end. Management have recognised revenue and cost based on the expected total profit margin for the contract and the amounts delivered and utilised by the customer as at the period end.

- Deferred cost of goods sold has been recognised based on the age and usage profile of the contacts. The amounts deferred for each contract represent the expected future costs for new and replacement devices.

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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**4. Revenue**

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Telecommunication sales	<u>28,903,295</u>	<u>31,268,242</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	<u>28,903,295</u>	<u>31,268,242</u>

**5. Operating loss**

The operating loss is stated after charging:

	2019 £	2018 £
Exchange differences	1,782	(195)
Other operating lease rentals	<u>148,001</u>	<u>187,871</u>

**6. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>39,750</u>	<u>38,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	6,733,980	6,840,667
Social security costs	741,384	726,196
Cost of defined contribution scheme	114,766	99,511
	<u>7,590,130</u>	<u>7,666,374</u>

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

	2019 No.	2018 No.
Administration	88	89
Sales	32	32
Management	4	4
	<u>124</u>	<u>125</u>

**8. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	330,030	504,673
Company contributions to defined contribution pension schemes	737	645
	<u>330,767</u>	<u>505,318</u>

During the year retirement benefits were accruing to 1 director (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £312,696 (2018 - £361,944).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £737 (2018 - £388).



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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**9. Interest payable and similar expenses**

	2019 £	2018 £
Bank interest payable	<u>88,932</u>	<u>130,907</u>

**10. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	28,085
Adjustments in respect of previous periods	-	39,880
<b>Total current tax</b>	<u>-</u>	<u>67,965</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(55,817)	8,238
<b>Total deferred tax</b>	<u>(55,817)</u>	<u>8,238</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(55,817)</u>	<u>76,203</u>

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OLIVE BUSINESS SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019

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10. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018 - 19.17%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(440,355)</u>	<u>(1,395,972)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19.17%)	83,667	267,608
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(274,655)	(350,291)
Capital allowances for year in excess of depreciation	11,584	(5,272)
Adjustments to tax charge in respect of prior periods	-	39,880
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	123,587	115,647
Book profit on chargeable assets	-	425
Other differences leading to an increase (decrease) in the tax charge	-	8,206
<b>Total tax (credit) / charge for the year</b>	<u><b>(55,817)</b></u>	<u><b>76,203</b></u>

**Factors that may affect future tax charges**

On 8 July 2015 the Chancellor of the Exchequer announced a reduction in the main rate of UK corporation tax to 18 per cent with effect from 1 April 2020. These changes were substantively enacted on 26 October 2015.

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OLIVE BUSINESS SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019

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11. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 February 2018	8,604,366
At 31 January 2019	<u>8,604,366</u>
<b>Amortisation</b>	
At 1 February 2018	7,265,783
Charge for the year	1,300,459
At 31 January 2019	<u>8,566,242</u>
<b>Net book value</b>	
At 31 January 2019	<u>38,124</u>
At 31 January 2018	<u>1,338,583</u>

**OLIVE BUSINESS SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

**12. Tangible fixed assets**

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>						
At 1 February 2018	291,195	6,517	216,187	45,900	636,957	1,196,756
Additions	7,105	-	-	3,857	258,443	269,405
At 31 January 2019	<u>298,300</u>	<u>6,517</u>	<u>216,187</u>	<u>49,757</u>	<u>895,400</u>	<u>1,466,161</u>
<b>Depreciation</b>						
At 1 February 2018	147,770	4,463	216,186	45,845	383,679	797,943
Charge for the year on owned assets	24,794	1,540	1	628	129,282	156,245
At 31 January 2019	<u>172,564</u>	<u>6,003</u>	<u>216,187</u>	<u>46,473</u>	<u>512,961</u>	<u>954,188</u>
<b>Net book value</b>						
At 31 January 2019	<u>125,736</u>	<u>514</u>	<u>-</u>	<u>3,284</u>	<u>382,439</u>	<u>511,973</u>
At 31 January 2018	<u>143,425</u>	<u>2,054</u>	<u>1</u>	<u>55</u>	<u>253,278</u>	<u>398,813</u>

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Long leasehold	<u>125,736</u>	<u>143,426</u>

**13. Stocks**

	2019 £	2018 £
Stocks - finished goods	<u>208,740</u>	<u>72,039</u>

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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**14. Debtors**

	2019 £	2018 £
Trade debtors	2,685,507	3,910,089
Amounts owed by group undertakings	5,422,594	5,422,778
Other debtors	51,663	418,117
Prepayments and accrued income	9,625,033	8,432,451
Deferred taxation	-	5,921
	<u>17,784,797</u>	<u>18,189,356</u>

**15. Cash and cash equivalents**

	2019 £	2018 £
Bank & cash balances	<u>2,236,325</u>	<u>1,162,205</u>

**16. Payables: Amounts falling due within one year**

	2019 £	2018 £
Bank loans	1,312,500	1,312,500
Other loans	72,222	-
Trade creditors	3,805,440	3,210,222
Amounts owed to group undertakings	11,918,092	12,290,092
Other taxation and social security	1,906,714	1,842,498
Obligations under finance lease and hire purchase contracts	51,740	71,060
Other creditors	3,067,534	2,591,727
Accruals and deferred income	2,235,879	1,698,695
	<u>24,370,121</u>	<u>23,016,794</u>

**OLIVE BUSINESS SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

**17. Payables: Amounts falling due after more than one year**

	2019 £	2018 £
Bank loans	328,125	1,640,625
Net obligations under finance leases and hire purchase contracts	52,440	28,028
	<u>380,565</u>	<u>1,668,653</u>

**18. Loans**

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Bank loans	1,312,500	1,312,500
Other loans	72,222	-
	<u>1,384,722</u>	<u>1,312,500</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	328,125	1,312,500
	<u>328,125</u>	<u>1,312,500</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	-	328,125
	<u>-</u>	<u>328,125</u>
	<u>1,712,847</u>	<u>2,953,125</u>

Bank loans include short-term money market facilities of £nil (2018: £nil) repayable on demand.

Other bank loans included in amounts falling due within one and amounts falling due in one to two years are on a fixed term repayment basis due within 2 years.

Bank loans are secured by a cross guarantee and debenture against the company and other members of its group and personal guarantees with directors M Geraghty and M Flick.

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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**19. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	51,740	71,060
Between 1-5 years	52,440	28,028
	<u>104,180</u>	<u>99,088</u>

**20. Financial instruments**

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	2,236,325	1,162,205
Financial assets that are debt instruments measured at amortised cost	9,880,046	11,089,464
	<u>12,116,371</u>	<u>12,251,669</u>

**Financial liabilities**

Financial liabilities measured at amortised cost	<u>(22,696,184)</u>	<u>(22,743,860)</u>
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Financial assets measured at fair value through profit or loss comprise of cash held at bank.

Financial assets that are debt instruments measured at amortised cost comprise of debtors due within one year.

Financial liabilities measured at amortised cost comprise of creditors due within one year.

**21. Deferred taxation**

	2019 £
At beginning of year	5,921
Charged to profit or loss	(55,817)
<b>At end of year</b>	<u>(49,896)</u>

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OLIVE BUSINESS SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019

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**21. Deferred taxation (continued)**

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(65,424)	(39,270)
Tax losses carried forward	15,528	45,191
	<u>(49,896)</u>	<u>5,921</u>

**22. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
100 (2018 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

**23. Reserves**

**Profit and loss account**

Included in the retained earnings are all current and prior period retained profits and losses.

**24. 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 £114,766 (2018: £99,511).

Contributions totalling £8,843 (2018: £7,001) were payable to the fund at the balance sheet date and are included in creditors.



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**OLIVE BUSINESS SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**25. Commitments under operating leases**

At 31 January 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	312,790	374,178
Later than 1 year and not later than 5 years	810,191	778,190
Later than 5 years	134,435	341,907
	<u>1,257,416</u>	<u>1,494,275</u>

**26. Related party transactions**

During the year, purchases of £nil (2018: £nil) were made from Olive Unified Communications Services Limited, a company in which M Geraghty is a Director. At the year end, £26,290 (2018: £26,290) is included as a debit in Trade payables.

During the year sales of £nil (2018: £12,095) were made to Construction Safety UK Limited, a company in which M Geraghty and J Kennedy are Directors. At the year end £nil (2018: £14,449) is included in Trade Receivables.

During the year the Company has written off Trade Receivable balances totalling £nil (2018: £nil) due from Construction Safety UK Limited.

During the year purchases of £53,147 (2018: £53,671) were made from Springboard Advisory Services Limited, a Company where R Flynn is a Director. As at the year end £5,300 (2018: £5,331) is included within Trade payables.

During the year sales of £7,464 (2018: £7,605) were made to Want2bethere Limited, a Company where R Flynn is a Director. The sales were made at commercial arms length and as at the year end £nil (2018: £746) is included within Trade receivables.

During the year purchases of £68,295 (2018: £40,870) were made from Consolidate Business Services Limited, a Company where V Vithaldas is a Director. As at the year end £8,092 (2018: £4,000) is included within Trade payables and £13,000 (2018: £nil) is included in accruals.

During the year, consultancy charges of £200,000 (2018: £200,000) were paid to Geraghty Bloodstock Pty Ltd a company which is controlled by M Geraghty. As at the year end £nil (2018: £nil) is included in Trade payables.

During the prior year purchases were made and income received by M Geraghty on behalf of the Company. As at the year end £nil was owed to (2018: £300,000) the Company.

**27. Controlling party**

The immediate parent company is Olive Communication Solutions Limited.

The ultimate controlling party is Mark Geraghty.