REGISTERED NUMBER: 04946019 (England and Wales)

Strategic report, directors' report and

Audited financial statements for the year ended 29 February 2020

For

LIQUID TELECOMMUNICATIONS LIMITED

Contents of the financial statements
for the year ended 29 February 2020

LIQUID TELECOMMUNICATIONS LIMITED

Company information
for the year ended 29 February 2020

Directors:	S Masiyiwa N T Rudnick K E M Hennessy
Secretary:	H K Marsh
Registered office:	9th Floor 6 New Street Square London United Kingdom EC4A 3BF
Registered number:	04946019 (England and Wales)
Independent auditor:	Deloitte LLP Statutory Auditor 1 New Street Square London United Kingdom EC4A 3HQ

LIQUID TELECOMMUNICATIONS LIMITED (REGISTERED NUMBER: 04946019)

Strategic report
for the year ended 29 February 2020

The directors present the Strategic Report of Liquid Telecommunications Limited (the "Company") for the year ended 29 February 2020. In preparing the Strategic Report, the directors have complied with section 414C of the Companies Act 2006.

Review of business and principal activity
The Company's principal activity is to conduct the business of a wholesale telecommunications service and technology provider. The Company acts as a head office of the Liquid group and charges management fees to the group companies. These services are provided in the United Kingdom and to other companies in other countries worldwide. The directors are not aware, at the date of this report, of any likely changes in the Company's activities in the forthcoming year.

As shown in the Company's Statement of profit and loss and other comprehensive income on page 8, the Company's sales increased by 38%, due to an increase in the wholesale traffic sent to carriers for Zimbabwe, Burundi, CAR and Cuba. The Company's key performance indicators of its operations are turnover, earnings before interest, tax, depreciation and amortisation and gross profit margin. Further analysis of the performance indicators are shown in the directors' report. The Company achieved a gross margin of 5% (2019: 7%). The Statement of financial position on page 9 shows that the Company's financial position at the year-end has improved. This is due to the ongoing profitability of the Company. The average monthly headcount of the Company was 88 (2019: 91).

Principal risks and uncertainties
The Company operates in a highly competitive market which is a continuing risk to the Company and could result in losing sales to its key competitors. The Company manages this risk by maintaining strong customer relationships by responding quickly to customer queries, and problem-solving issues that arise.

Foreign currency risk
The Company's sales to its customers are predominately denominated in US Dollars ("USD"), and therefore the Company is exposed to movement in the USD to Great British Pound ("GBP") exchange rate. The Company also settles a proportion of its trade payables in USD and therefore minimises the risk of exchange rate fluctuations by operating a USD bank account. The Company conducts the majority of its activities in USD and consequently the Company has no significant transactional foreign exchange exposure arising from its operations. Therefore, this natural hedge means that the Company does not require its transactions to be hedged.

Credit risk
The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of financial position are net of provisions for doubtful debts. A provision is made for all exposures from the time when a loan is originated, based on the expected credit losses on that receivable. If the credit risk has not increased significantly then allowances are based on 12 months expected losses. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Interest risk
The Company is financed by its internal cash reserves and therefore has limited exposure to adverse movements in interest rates.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. It includes the risk of an inability to manage unplanned decreases or changes in funding sources and any failure to recognise and address changes in market conditions that could affect the Company's ability to liquidate assets quickly, with minimum value loss, if necessary.

Future developments
The directors' long-term strategy is to continue to increase the Company's service and technology product lines to diversify the business. The directors anticipate that it is likely that some years in the future the majority of the Company's revenue will be obtained from the provision of services, technology and IP provisioning, as opposed to the current revenue generator composed significantly of traditional voice traffic and circuit provision. The Company will continue to restructure itself accordingly over the next financial year in order to meet these challenges.

Approved for and on behalf of the board:

Kate Hennessy
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K E M Hennessy - Director

Date: 25th August 2020

Directors' report
for the year ended 29 February 2020

The directors have pleasure in presenting their annual report together with the audited financial statements of Liquid Telecommunications Limited for the year ended 29 February 2020. This annual report and financial statements are prepared under International Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). A review of the business and the Company's exposure to risks and uncertainties are set out in the Strategic Report (page 2).

General information
Liquid Telecommunications Limited is a private limited company incorporated in the United Kingdom on 28 October 2003. Its parent party is Liquid Telecommunications Holdings Limited which is registered in Mauritius, and the ultimate controlling party is Econet Global Limited which is registered in Mauritius. The address of the registered office and operations is 9th Floor, 6 New Street Square, London EC4A 3BF United Kingdom. The company's main activity is to provide telecommunications services to companies all over the world.

Principal activity
The principal activity of the Company in the year under review was that of a wholesale telecommunications service and technology provider.

Dividends
The directors do not recommend payment of a dividend for the year ended 29 February 2020 (2019: £nil).

Response to COVID-19 pandemic
The directors' top priority is to help protect the health, well-being and safety of staff, customers, partners and the public whilst ensuring that the smooth delivery of communications solutions continues during the COVID-19 pandemic. Liquid Telecommunications Holdings Limited (The Liquid Group) has implemented robust contingency plans across the business to protect the health of the people and those with whom the group comes into contact. This includes, but is not limited to, implementing the advice of the authorities, particularly the World Health Organisation and other reliable sources. As the situation evolves, the Liquid Group continues to work closely with employees, partners and suppliers to support ongoing business operations. Management estimates there is minimal impact of COVID-19 pandemic on the Company. The impact indicates a reduction of general economic activity but with minor impact on the underlying services being provided by the Company. Given the general levels of uncertainty in the global economy, the directors have taken active steps to access increased levels of working capital financing and conservatively manage expenses for the year ahead. The directors are monitoring the risk on the approved business plan for the year and financial indicators. They also continue to monitor economic and industry specific data as it emerges, including any further impact of the volatility of the exchange rates.

Events since the end of the year
Information relating to events since the end of the year is given in the notes to the financial statements.

Directors
The directors shown below have held office during the year from 1 March 2019 to the date of this report.

S Masiyiwa
N T Rudnick
K E M Hennessy (Appointed 26 February 2020)
P D Moses (Resigned 4 October 2019)

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.
At no time during the year was the Company, its holding company, or its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body.
None of the directors held any interests during the year in shares of the company and the directors and officers are indemnified by the company for the execution of their duties. The company had made a qualifying third party indemnity for the benefit of the directors.

Secretary
H K Marsh

Financial risk management objectives and policies
Due to the capital intensive nature of the operations, the Company ensures that it maintains sufficient cash and credit facilities to meet its liquidity requirements. The Company's objective is to maintain a balance between continuity of funding and flexibility.

Financial risk management objectives
Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal management reports, which analyse exposures by degree and magnitude of risks. These risks include market risk including currency risk, fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk.

Market risk
The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Sales and cost of sales are invoiced in USD to reduce this risk.

Political donations and expenditure
No political contributions were made in the year (2019: £nil).

Share capital
The called-up share capital represents 47,002 ordinary shares with a par value of £0.50 each.

Directors' report (continued)
for the year ended 29 February 2020

Going concern
The Company's business activities, together with the factors likely to affect its future development and position are described in the Strategic Report on pages 3 and 4. Given the Company's current and long term liquidity, capital requirements and forecast financial position are assessed at the Liquid Group level, the directors have reviewed the cash flow projections of the Liquid Group. This included the impact of currency changes in South Africa, the repayment of existing obligations and loan funding and forecast performance, including the impact on liquidity of any reduction in operating cash-flows. The directors are satisfied the Liquid Group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations of the wider Liquid group provide sufficient financial sustainability to generate positive cash flows for the foreseeable future.

The directors have considered the potential impact of the COVID-19 pandemic on the operations of the Liquid Group. Although the full effects of the pandemic are not yet known, they have taken into account the potential impacts on:

- the instability of the financial markets and the volatility of the currency markets;
- trading risks presented by the current economic conditions in the operating markets; and
- mitigating actions available should business activities fall behind current expectations, including the deferral of discretionary capital expenditure and restricting cash outflows.

Even after assessing these factors, the directors consider the Company to have sufficient liquidity to continue.

The directors note that the Company has received confirmation of support from the Liquid Group for a period of at least 12 months from the date of signing of the financial statements. Accordingly, it will continue to adopt the going concern basis of accounting in preparing the financial statements.

Results for the year
The following table summarises the company's key results for the current and prior year:

	29/2/2020	**28/2/2019**
Revenue	£148,093,966	£106,947,551
Earnings before interest, taxation, depreciation and amortisation	£321,318	£1,903,089
Gross profit margin	5%	7%

The Company considers revenue gross profit margin and EBITDA as key performance indicators and reviews them on monthly basis. Competition in the telecommunications market is intense. Competition results from, among other things, the existence of established operators, market entry of alternative and lower cost carriers and technology developments such as Voice over Internet Protocol. This has led to an increase in volumes but a significant reduction in price. As a result, revenue has increased comparing to prior year but EBITDA and gross profit margin have fallen.

The Company statement of financial position at year end is in a net asset position.

In the coming year we will continue to focus on excellent customer service, actively manage customer support and ensure that margins are maintained. We will look to establish sales growth through scaling existing channels and diversifying into new product lines. The Company continues to invest in its operations. The directors regard such investment as necessary for the continued success in the medium to long term of the business.

Statement as to disclosure of information to auditor
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor
Pursuant of Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP *will therefore continue in office.*

Approved for and on behalf of the board:

Kate Hennessy
K E M Hennessy - Director

Date:25th August 2020

Directors' responsibilities statement
for the year ended 29 February 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Liquid Telecommunications Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Liquid Telecommunications Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 29 February 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss and other comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 37.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

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 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.

David Griffin FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 August 2020

Statement of profit or loss and other comprehensive income
for the year ended 29 February 2020

	Notes	Year to 29/02/2020	Year to 28/02/2019
Continuing operations		£	£
Revenue	4	148,093,966	106,947,551
Cost of sales		(140,694,308)	(99,243,735)
Gross profit		7,399,658	7,703,816
Other operating income	5	8,937,828	8,476,294
Administrative expenses		(16,544,953)	(14,655,535)
(Loss)/profit from operations		(207,467)	1,524,575
Interest expense	5	(173,930)	(58,045)
Interest income	5	739,567	758,970
Profit before income tax	6	358,170	2,225,500
Income tax expense	7	(43,775)	(386,143)
Profit for the period		314,395	1,839,357
Other comprehensive income		-	-
Total comprehensive income for the period		**314,395**	**1,839,357**

LIQUID TELECOMMUNICATIONS LIMITED (REGISTERED NUMBER: 04946019)

Statement of financial position
For the year ended 29 February 2020

	Notes	29/02/2020	28/02/2019
Assets		£	£
Non-current assets			
Intangible assets	8	2,075	6,225
Property, plant and equipment	9	480,557	723,609
Right of use assets	10	1,487,455	-
Loans and other financial assets	11	7,822,091	7,695,976
Deferred tax	21	135,465	148,174
Total non-current assets		9,927,643	8,573,984
Current assets			
Inventories	12	9,200	5,407
Trade and other receivables	13	20,614,479	12,493,112
Cash and bank balances	14	3,129,179	2,255,573
Total current assets		23,752,858	14,754,092
Total Assets		**33,680,501**	**23,328,076**
Equity and liabilities			
Capital and reserves			
Called up share capital	15	23,501	23,501
Retained reserves	16	11,712,631	10,989,676
Total equity		11,736,132	11,013,177
Liabilities			
Non-current liabilities			
Long-term - lease liability	19	932,858	-
		932,858	-
Current liabilities			
Trade and other payables	17	20,246,641	11,254,096
Loan for external equipment	18	-	855,612
Tax payable		-	84,568
Short-term - lease liability	19	621,485	-
Provisions	20	143,385	120,623
Total current liabilities		21,011,511	12,314,899
Total liabilities		21,944,369	12,314,899
Total equity and liabilities		**33,680,501**	**23,328,076**

The financial statements were approved by the Board of Directors on25th August 2020 and were signed on its behalf by:

Kate Hennessy
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K E M Hennessy - Director

Statement of changes in equity
for the year ended 29 February 2020

	Notes	Called up share capital	Retained Earnings	Total Equity
		£	£	£
Balance at 1 March 2018	15	23,501	9,150,319	9,173,820
Profit for the period and total comprehensive income		-	1,839,357	1,839,357
Balance at 28 February 2019		23,501	10,989,676	11,013,177
Impact of adoption of IFRS 16	16	-	408,560	408,560
Balance at 1 March 2019		23,501	11,398,236	11,421,737
Profit for the period and total comprehensive income		-	314,395	314,395
Balance at 29 February 2020		23,501	11,712,631	11,736,132

Statement of cash flows
for the year ended 29 February 2020

	Notes	29/02/2020	28/02/2019
		£	£
Cash flows from operating activities:			
Cash generated from/(used in) operations	22	2,490,801	(3,011,091)
Tax paid		(268,866)	(366,459)
Net cash generated from/(used in) operating activities		**2,221,935**	**(3,377,550)**
Cash flows from investing activities:			
Purchase of property, plant and equipment		(99,905)	(632,049)
Proceeds on disposal of property, plant and equipment		32,702	2,691,801
Net cash (used in)/from investing activities		**(67,203)**	**2,059,752**
Cash flows (used in) financing activities			
Interest received		739,567	602,632
Interest paid		(173,930)	(58,045)
Repayment of long-term loans		(828,901)	(1,445,051)
Capital repayment of lease liability		(570,593)	-
Net cash used in financing activities		**(833,857)**	**(900,464)**
Net increase/(decrease) in cash and cash equivalents		**1,320,875**	**(2,218,262)**
Cash and cash equivalents at beginning of the period	23	2,255,573	4,648,882
Effect of foreign exchange movement		(447,269)	(175,047)
Cash and cash equivalents at end of the period	23	**3,129,179**	**2,255,573**

Notes to the financial statements
for the year ended 29 February 2020

1. **Statutory information**

Liquid Telecommunications Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The presentational and functional currency of the Company is Great British Pound (£).

The Company's business activities, together with the factors likely to affect its future development and position are described in the Strategic Report on pages 3 and 4. Given the Company's current and long term liquidity, capital requirements and forecast financial position are assessed at the Liquid Group level, the directors have reviewed the cash flow projections of the Liquid Group. This included the impact of currency changes in South Africa, the repayment of existing obligations and loan funding and forecast performance, including the impact on liquidity of any reduction in operating cash-flows. The directors are satisfied the Liquid Group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations of the wider Liquid group provide sufficient financial sustainability to generate positive cash flows for the foreseeable future.

The directors have considered the potential impact of the COVID-19 pandemic on the operations of the Liquid Group. Although the full effects of the pandemic are not yet known, they have taken into account the potential impacts on:

- the instability of the financial markets and the volatility of the currency markets;
- trading risks presented by the current economic conditions in the operating markets; and
- mitigating actions available should business activities fall behind current expectations, including the deferral of discretionary capital expenditure and restricting cash outflows.

Even after assessing these factors, the directors consider the Company to have sufficient liquidity to continue.

The directors note that the Company has received confirmation of support from the Liquid Group for a period of at least 12 months from the date of signing of the financial statements. Accordingly, it will continue to adopt the going concern basis of accounting in preparing the financial statements.

Application of New and Revised International Financial Reporting Standards (IFRS)

Newly mandatorily effective in the current period
In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2019.

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current periods but may affect the accounting for future transactions or arrangements. The exception is the impact of IFRS 16 disclosed further on Pages 13 and 14 below.

IFRS 16 - Leases (effective 1 January 2019)
IFRIC 23 - Uncertainty over Income Tax treatments (effective 1 January 2019)
IFRS 9 – Amendments to (October 2017) – Prepayment features with negative compensation (effective 1 January 2019)
IAS 28 – Amendments to (October 2017) - Long-term interests in associates and joint (effective TBC per IASB 1 January 2019)
IAS 19 – Amendments to (February 2018) - Employee benefits for planned amendment, curtailment or settlement (effective TBC per IASB 1 January 2019)
IFRSs 2015 -17 cycle Annual improvements to IFRS's (December 2017) – Annual improvements to IFRS's 2015 -2017 (effective TBC per IASB 1 January 2019)
References to the Conceptual Framework in IFRS Standards – Amendments to References to the Conceptual Framework in IFRS Standards (effective TBC per IASB 1 January 2020)
IFRS 3 – Amendments to (October 2018) – Definition of business (effective TBC per IASB 1 January 2020)
IAS 8 – Amendments to (October 2018) – Definition of material (effective TBC per IASB 1 January 2020)

IFRSS and IFRICS in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but not yet effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 – Amendments to (October 2018) – Classification of liabilities as current or non-current (effective TBC per IASB 1 January 2022)
IFRS 17 – Insurance contracts (effective TBC per IASB 1 January 2021)
IAS 10 and IAS 28 – Amendments to (September 2014) - Sale or contribution of assets between an investor and its associate or joint venture (effective TBC per IASB postponed)

The directors anticipate that these IFRSs will be applied on their effective dates in the financial statements in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

2. **Accounting policies – continued**

Impact of initial application of IFRS 16 "Leases"

In the current year, the Company has applied IFRS 16 Leases, issued in January 2016 replacing IAS 17 Leases. The standard was effective for an annual period that begins on or after 1 January 2019 and was adopted by the Company on 1 March 2019. IFRS 16 primarily changed lease accounting for lessees; lease agreements give rise to the recognition of an asset representing the right to use the leased item (a "Right-of-Use asset") and a loan obligation ("Lease Liabilities") for future lease payables. Lease costs are recognised in the form of depreciation of the Right-to-Use asset and interest on the Lease Liability. Lessor accounting, under IFRS 16, is similar to existing IAS 17 accounting and did not have a material impact for the Company.

The Company has assessed the impact of the accounting changes under IFRS 16 with effect from 1 March 2019 and notes the following:

- Right-of-Use assets have been recorded for assets that were leased, measured at the present value of future lease payments in the Company's statement of financial position for the "reasonably certain" period of the lease, which includes future lease periods for which the Company has extension options. Previously, no leased assets were included in the Company's statement of financial position for operating leases. Under IFRS 16, Right-of-Use assets are tested for impairment in accordance with IAS 36 "Impairment of Assets". This replaces the previous requirement to recognise a provision for onerous lease contracts. The Company has recognised a Right-Of-Use asset at the date of initial application for leases previously classified as an operating lease under IAS 17 "Leases". The Company has elected, on a lease-by-lease basis, to measure that Right-Of-Use asset at either:

(a) its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application; or
(b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

After the commencement date, the Right-Of-Use asset has been measured applying a cost model. To apply a cost model, the entity shall measure the Right-Of-Use asset at cost:

(a) less any accumulated depreciation and any accumulated impairment losses; and
(b) adjusted for any remeasurement of the lease liability.

- At commencement date, Lease Liabilities have been recorded at the present value of future lease payments in the Company's statement of financial position for the "reasonably certain" period of the lease, which includes future lease periods for which the Company has extension options. Previously, Lease Liabilities were generally not recorded for future operating lease payments and were, instead, disclosed as commitments. After the commencement date, the Lease Liability has been measured by:

(a) increasing the carrying amount to reflect interest on the Lease Liability;
(b) reducing the carrying amount to reflect the lease payments made; and
(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

- At the commencement date, the rate implicit in the lease has been used as the discount rate. If this rate cannot be readily determined, the Company uses incremental borrowing rates applicable to each entity and class of lease. The Company's weighted average incremental borrowing rate is 8.5% as per the practical expedient provided by IFRS 16. If the Company is required to revise the discount rate due to changes in conditions related to the lease, the interest rate implicit in the lease will be used, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

- Lease expenses are now recorded through depreciation for Right-of-Use assets and interest on Lease Liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Previously, operating lease rentals were expensed on a straight-line basis over the lease term and disclosed as part of administrative expenses.

- Operating lease cash outflows were previously included within operating cash flows in the statement of cash flows; under IFRS 16 these are recorded as cash flows from financing activities reflecting the repayment of Lease Liabilities (borrowings) and related interest.

- An operating lease under IAS 17 "Leases" may have had asset and service components and both parts would have been expensed. As a practical expedient under IFRS 16, the Company has elected that any existing lease comprising of both components to be treated as a lease. The Company has elected not to separate non-lease components from lease components, and instead account for each lease component and associated non-lease component as a single lease component. The practical expedient has been applied to fibre infrastructure, motor vehicles, site leases, land and buildings. The practical expedient will not apply where the costs associated with the above leases are treated and invoiced separately by the lessors and therefore accounted in accordance with other applicable accounting standards.

2. **Accounting policies – continued**

For short term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognise a lease expense *on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the statement of profit or loss.* Additionally, the Company has elected to apply this to leases for which the lease term ends within 12 months of the date of initial application of IFRS 16. In this case, the Company has accounted for those leases in the same way as short-term leases and included the cost associated with those leases within the disclosure of short-term lease expense in the annual reporting period that includes the date of initial application.

On adoption of IFRS 16, the Company had a choice between applying the fully retrospective approach or the modified retrospective approach for initial recognition of Right-of-Use assets. The Company chose to apply the modified retrospective approach under which the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application (1 March 2019).

The effect of adopting IFRS 16 "Leases" is as follows:

As at 1 March 2019, the impact on the statement of financial position:

		01/03/2019
Assets		**£**
Right of Use asset		2,124,936
Total Assets		2,124,936
Equity		
Retained earnings		408,560
Total Equity		408,560
Non-Current Liabilities		
Lease liability		1,554,343
Total Non-current Liabilities		1,554,343
Current Liabilities		
Lease liability		570,593
Total Current Liabilities		570,593

The Company has recognised, upon adoption of IFRS 16 on the 1 March 2019, a Right of Use asset and a lease liability of £2,124,936.

With the adoption of IFRS 16 the following table shows the impact of the old operating lease expense under IAS 17 and the new lease expense under IFRS 16 on the statement of Profit or Loss and other Comprehensive income for the year ending 29 February 2020.

		29/02/2020
		£
Operating costs under IAS 17		603,434
Depreciation under IFRS 16		(637,481)
Operating loss		**(34,047)**
Finance costs under IFRS 16		(158,532)
Loss before tax		**(192,579)**
Income tax credit under IFRS 16		36,590
Loss for the period under IFRS 16		**(155,989)**

2. **Accounting policies – continued**

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and other sales related taxes within the scope of IFRS 15.

Intangible assets
Intangible assets acquired relate to licences to use fibre optic cables and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives, on the following basis:

Operating Licence	20% - 50 %
Computer software	33% - 50 %

The estimated useful lives and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income when the asset is de-recognised.

Property, plant and equipment
Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Statement of Financial Position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write off the cost to their residual values, over their estimated useful lives, using the straight-line method, on the following basis:

Furniture and fittings	17%
Computer equipment	33% - 50 %
Satellite equipment	20%
Switching and network equipment	20%
Long Leasehold improvements	20%

The gains and losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statements of profit or loss and other comprehensive income.

Work in progress is asset under construction that has not yet been put into use. The asset is not subject to depreciation while in the construction phase status. Once the asset is fully developed and available for use, depreciation will start accordingly.

Leased Right-of-Use assets
Following the adoption of IFRS 16 from 1 March 2019, leased Right-of-Use assets are included within non-current assets, and on inception of the lease are recognised at the amount of the corresponding lease liability, adjusted for any lease payments made at or before the lease commencement date. The Right-of-Use asset is depreciated on a straight-line basis over the term of the lease.

Rentals payable under operating leases were charged to the Statement of profit or loss on a straight-line basis over the term of the relevant lease. The Company did not enter into any finance leases.

Impairment of tangible and intangible assets
At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows has not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. **Accounting policies - continued**

Financial instruments
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets
The following assets are held by the Company:

- loans and receivables; and
- cash and bank balances.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Non-Great British Pound ("GBP") year end balances, predominately USD, are translated to GBP at the spot rate at 29 February 2020.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Such events include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of profit or loss and other comprehensive income.

Financial liabilities and equity instruments

Financial liabilities and equity instruments classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Share capital and share premium are classified as equity.

Financial liabilities
The Company had financial liabilities comprising trade payables and accruals, and interest-bearing debt, all classified at amortised cost. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss and other comprehensive income.

Cash and bank balances
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2. **Accounting policies - continued**

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Taxation
Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Foreign currencies
The financial statements are expressed in GBP, which is the functional and presentational currency of the Company. While the Company predominantly bills its revenue in USD, operational costs are predominantly paid in GBP.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of profit or loss and other comprehensive income for the period.

Lease liabilities
Following adoption of IFRS 16, lease liabilities recognised on the statement of financial position are recognised within borrowings as part of net debt. On inception, the lease liability is recognised as the present value of the expected future lease payments, calculated using the Group's incremental borrowing rate, adjusted to reflect the length of the lease and country of location. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change to the forecast lease payments. When the lease liability is remeasured, an adjustment is made to the corresponding Right-of-Use asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Cash flows
For the purpose of the Statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held, all of which are available for use by the Company unless otherwise stated.

Provisions
Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to the financial statements - continued
for the year ended 29 February 2020

3. **Employees and directors**

	29/02/2020	28/02/2019
	£	£
Wages and salaries	10,059,061	10,488,137
Social security costs	1,053,485	922,352
Other pension costs	712,339	535,146
	11,824,885	**11,945,635**

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

	29/02/2020	28/02/2019
Finance	9	8
Administration	4	3
Commercial and Sales	8	8
Marketing	6	7
Information sysytems	4	3
Networks/Technical/Operations	49	55
Legal	5	5
Human Resources	3	2
	88	**91**

Remuneration of Key Management Personnel

	29/02/2020	28/02/2019
	£	£
Short-term employee benefits	2,047,671	1,657,200
Other long-term benefits	30,000	31,830
	2,077,671	**1,689,030**

The remuneration of the directors, who are considered to be the key management personnel of the Company, is set out above in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

Number of directors who are members of:

	29/02/2020	28/02/2019
	No.	No.
Defined contribution pension scheme under long-term incentive scheme	1	1

Remuneration of the highest paid director:

	29/02/2020	28/02/2019
	£	£
Emoluments	1,500,084	1,188,233
Company contributions to defined purchase schemes	30,000	30,000
	1,530,084	**1,218,233**

4. **Turnover and revenue**

An analysis of the Company's turnover by class of business is set out below.

	29/02/2020	28/02/2019
	£	£
Wholesale voice traffic	143,359,004	103,036,802
Data & other services		
Wholesale	4,648,374	3,826,170
Enterprise	86,588	84,579
	148,093,966	**106,947,551**

Revenue expected to be recognised in future periods for performance obligations that are not complete (or partially complete) at 29 February 2020 is £76,792 (2019: £52,857). All the revenue is for installations of international and local managed services and equipment which will substantially be recognised as revenue within 2 years.

5. **Net finance income**

	29/02/2020	28/02/2019
	£	£
Interest income:		
Interest from related parties	739,567	758,970
	739,567	758,970
Interest expense:		
Interest on external loans	(15,398)	(58,045)
Interest on lease liability	(158,532)	
	(173,930)	(58,045)
Net finance income	**565,637**	**700,925**

Other operating income		
	29/02/2020	28/02/2019
	£	£
Management fees received from Group undertakings	8,744,184	8,257,435
Rental income	193,644	218,859
	8,937,828	**8,476,294**

6. Profit before income tax expense

	29/02/2020	28/02/2019
	£	£
Cost of goods and services	140,694,308	99,243,735
Auditor's fees	65,000	63,000
Taxation compliance and other services	63,900	47,900
Professional services	133,778	6,508
Loss on disposal of property, plant and equipment	2,542	-
Depreciation	945,194	551,487
Amortisation of intangible assets included in operating expenses	4,150	2,075
Bad debts written off	-	58,312
Net foreign exchange (gains)/losses		
Exchange losses - unrealised	151,567	382,240
Exchange (gains) - unrealised	(281,366)	(217,751)
Exchange (gains)/losses - realised	(290,759)	10,560

Total audit fees payable to Deloitte LLP for the audit of Liquid Telecommunications Limited reporting were £65,000 (2019: £63,000). Audit related assurance services are in relation to statutory filings. These include audit services for the statutory audit in the UK and review of annual financial information.

Taxation compliance and other services payable to Deloitte LLP were £63,900 (2019: £47,900). These relate to company taxation, financial statements review and VAT review. There were no other services paid to Deloitte.

Included within wages and salaries is a total research and development expense of £392,442 (2019 £305,890) of which £38,145 (2018: £33,648) was claimed back in tax credits.

7. Income tax expense

Analysis of tax expense

	29/02/2020	28/02/2019
Current tax	£	£
Current tax	(99,586)	373,386
Withholding tax	130,652	117,518
Deferred tax		
Deferred tax	12,709	(104,761)
Total tax expense in statement of profit or loss and other comprehensive income	**43,775**	**386,143**

Factors affecting the tax expense
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	29/02/2020	28/02/2019
	£	£
Profit before income tax	358,170	2,225,500
Profit multiplied by the standard rate of corporation tax in the UK of 19.00% (2019 – 19.00%)	68,052	422,845
Effects of:		
Profit not deductible for tax purposes	-	(5,605)
Adjustment in respect of prior periods	(55,407)	(104,761)
Expenses not deductible	31,130	73,664
Tax expense	**43,775**	**386,143**

Notes to the financial statements - continued
for the year ended 29 February 2020

8. **Intangible assets**

2020	**Computer licences**	**Software**	**Total**
Cost	**£**	**£**	**£**
At 1 March 2019	113,218	433,332	546,550
Additions	-	-	-
Disposals	-	(433,332)	(433,332)
At 29 February 2020	**113,218**	-	**113,218**
Amortisation			
At 1 March 2019	106,993	433,332	540,325
Amortisation for the year	4,150	-	4,150
Disposals	-	(433,332)	(433,332)
At 29 February 2020	**111,143**	-	**111,143**
Net book value			
At 29 February 2020	**2,075**	-	**2,075**

2019	**Computer licences**	**Software**	**Total**
Cost	**£**	**£**	**£**
At 1 March 2018	104,918	433,332	538,250
Additions	8,300	-	8,300
At 28 February 2019	**113,218**	**433,332**	**546,550**
Amortisation			
At 1 March 2018	104,918	433,332	538,250
Amortisation for the year	2,075	-	2,075
At 28 February 2019	**106,993**	**433,332**	**540,325**
Net book value			
At 28 February 2019	**6,225**	-	**6,225**

Notes to the financial statements - continued
for the year ended 29 February 2020

9. Property, plant and equipment

	Long Leasehold	Switching & network equipment	Fixtures and fittings	WIP	Satellite equipment	Computer equipment	Total
Cost	£	£	£	£	£	£	£
At 1 March 2019	598,696	2,759,898	379,734	32,702	998,027	1,156,857	5,925,914
Additions	-	18,394	4,020	-	-	77,491	99,905
Disposals	-	(971)	-	(32,702)	(897,724)	(32,528)	(963,925)
At 29 February 2020	598,696	2,777,321	383,754	-	100,303	1,201,820	5,061,894
Depreciation							
At 1 March 2019	574,991	2,258,892	334,463	-	995,524	1,038,435	5,202,305
Charge for the year	21,490	160,820	28,081	-	2,503	94,819	307,713
Disposals	-	(395)	-	-	(897,724)	(30,562)	(928,681)
At 29 February 2020	596,481	2,419,317	362,544	-	100,303	1,102,692	4,581,337
Net book value							
At 29 February 2020	2,215	358,004	21,210	-	-	99,128	480,557

	Long Leasehold	Switching & network equipment	Fixtures and fittings	WIP	Satellite equipment	Computer equipment	Total
Cost	£	£	£	£	£	£	£
At 1 March 2018	598,696	2,737,093	368,548	2,222,548	1,156,450	1,102,203	8,185,538
Additions	-	22,805	11,186	501,955	2,503	85,300	623,749
Disposals	-	-	-	(2,691,801)	(160,926)	(30,646)	(2,883,373)
At 28 February 2019	598,696	2,759,898	379,734	32,702	998,027	1,156,857	5,925,914
Depreciation							
At 1 March 2018	520,752	1,928,471	287,784	-	1,156,450	948,933	4,842,390
Charge for the year	54,239	330,421	46,679	-	-	120,148	551,487
Disposals	-	-	-	-	(160,926)	(30,646)	(191,572)
At 28 February 2019	574,991	2,258,892	334,463	-	995,524	1,038,435	5,202,305
Net book value							
At 28 February 2019	23,705	501,006	45,271	32,702	2,503	118,422	723,609

The company does not hold any assets under property, plant and equipment which are finance leases and has not entered into any finance leases in the current year or prior year.

10. **Right of use assets**

		Land and buildings
		£
Cost:		
At 28 February 2019		-
Impact of adoption of IFRS 16		2,124,936
At 1 March 2019		**2,124,936**
Additions		-
At 29 February 2020		**2,124,936**
Depreciation:		
At 1 March 2019		-
Charge for the year		637,481
At 29 February 2020		**637,481**
Carrying amount:		
At 29 February 2020		**1,487,455**

See accounting policies note for the impact of initial application of IFRS 16 "Leases".

11. **Loans and other financial assets**

	29/02/2020	28/02/2019
	£	£
Loans carried at amortised cost		
Liquid Telecommunications Kenya Limited	7,822,091	7,695,976
	7,822,091	**7,695,976**

Liquid Telecommunications Limited has provided a loan to Liquid Telecommunications Kenya Limited and the monthly repayments began September 2017 at an interest rate of 3.75% above USD 3-month LIBOR.

12. **Inventories**

	29/02/2020	28/02/2019
	£	£
Goods for resale	9,200	5,407
	9,200	**5,407**

The directors are of the opinion that the inventory amounts are recorded at lower of cost and the net realisable amount. The cost of inventory recognised as an expense includes £3,793 (2019: £10,130) in respect of write-downs of inventory to net realisable value.

13. **Trade and other receivables**

	29/02/2020	28/02/2019
Current:	**£**	**£**
Trade debtors	15,023,555	8,491,419
Provision for bad debts	(248,827)	(248,827)
Amounts owed by group undertakings	4,523,038	3,385,126
Prepayments and accrued income	282,387	237,432
Other debtors	1,034,326	627,962
	20,614,479	**12,493,112**

The directors consider the carrying amount of trade and other receivables to be recorded at their fair value.

The credit period for customers range from 15 to 60 days depending on terms of their contracts. No interest is charged on trade receivables outstanding during the credit period. Thereafter, interest is charged at a predetermined rate agreed between the Company and the customer. In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Before accepting any new customers, the Company assesses the existence and credit worthiness of the customer using an external credit scoring system and customer acceptance forms which are required to be submitted by all new customers. The credit worthiness of customers is reviewed by Finance continuously throughout the year.

The receivable balances from related parties are unsecured, interest free and with no fixed date of repayment; £1,511,267 (2019: £1,199,184) is the inter-company trade receivables from related parties and the remaining are from external customers. Where allowed, at year end the related party balances have been netted off.

No trade receivables were considered to be unrecoverable during the year but the amount disclosed above include amounts up to last reporting period and the Company has recognised an allowance for doubtful debts of £248,827 (2019: £248,827) because the amount was considered to be irrecoverable.

Age of receivables that are past due but not impaired:

	29/02/2020	28/02/2019
	£	**£**
30 - 60 days	1,293,527	265,029
61 - 90 days	2,171,312	61,172
91 - 120 days	264,343	78,927
121 + days	1,681,407	1,029,816
	5,410,589	**1,434,944**

Aged receivables have increased from prior year due to increase in revenue in the last quarter of the year and voice customers outstanding amounts only netted off against supplier balances when agreed.

The Company determines its allowance for doubtful debts case by case on expected credit loss basis measuring the loss allowance at an amount equal to lifetime expected credit loss for trade receivables. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Movement in the allowance of doubtful debts

	29/02/2020	28/02/2019
	£	**£**
Balance at the beginning of period	248,827	202,017
Impact of adoption of IFRS 9	-	45,013
Opening balance - restated	248,827	247,030
Doubtful debt provision raised	-	1,797
Balance at end of the period	**248,827**	**248,827**

Notes to the financial statements - continued
for the year ended 29 February 2020

13. **Trade and other receivables (continued)**

Short term inter-company receivables

	29/02/2020	28/02/2019
	£	£
Inter-company receivables	2,839,384	1,642,301

Inter-company receivables bear interest at the rate of LIBOR plus 2.5%, are unsecured and are to be repaid within 12 months.

14. **Cash and cash equivalents**

	29/02/2020	28/02/2019
	£	£
Cash in hand	1,131	1,931
Bank accounts	3,128,048	2,253,642
	3,129,179	**2,255,573**

15. **Called up share capital**

	29/02/2020	28/02/2019
	£	£
Allotted, issued and fully paid:		
47,002 Ordinary shares at a nominal value of £0.50 per share	23,501	23,501
	23,501	**23,501**

The authorised share capital is 100,000 ordinary shares of £0.50 each and the stated capital above represents 47,002 ordinary shares with a face value of £0.50 each. The holder of ordinary shares has voting rights of one vote per each ordinary share. Each ordinary share has equal rights on distribution of income and capital.

16. **Reserves**

	29/02/2020	28/02/2019
	£	£
Balance at the beginning of period	10,989,676	9,150,319
Impact of adoption of IFRS 16	408,560	-
Opening balance - restated	11,398,236	9,150,319
Profit for the period and total comprehensive income	314,395	1,839,357
Balance at end of the period	**11,712,631**	**10,989,676**

17. **Trade and other payables**

	29/02/2020	28/02/2019
Current:	£	£
Trade creditors	11,715,424	3,834,871
Amounts owed by group undertakings	3,532,135	1,827,512
Accruals and deferred income	2,931,226	5,085,216
Other payables	2,067,856	506,497
	20,246,641	**11,254,096**

The average credit period on purchases of goods is 39 days (2019: 21 days).

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms. The directors consider the carrying amount of trade and other payables to be at their fair value. Amounts payable to related companies are unsecured, interest free and with no fixed date of repayment.

Notes to the financial statements - continued
for the year ended 29 February 2020

18. **Long-term loan**

	29/02/2020	28/02/2019
Current:	**£**	**£**
Current portion of long-term loan	-	855,612
	-	**855,612**

The loan facility liability was from an external equipment supplier denominated in USD and secured through a guarantee from Liquid Telecommunications Holdings Limited, subject to interest of 3.067% per year and was repayable in fixed monthly instalments from October 2014. This loan was obtained on behalf of Liquid Telecommunications Kenya Limited and forms part of the loan receivable owing from this entity. The external supplier loan was fully repaid during the year.

19. **Lease liability**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	29/02/2020	28/02/2019
	£	**£**
Operating lease commitment as at 28 February 2019	2,419,097	-
Impact of discounting under IFRS 16	(294,161)	-
Opening balance - restated	2,124,936	-
Capital repaid	(570,593)	-
Balance at the end of period	**1,554,343**	-
Current:	**£**	**£**
Short-term portion of long term lease liability	621,485	-
	621,485	-
Non-curent:	**£**	**£**
Long-term lease liability	932,858	-
	932,858	-
Minimum lease payments under non-cancellable operating leases fall due as follows:		
Maturity analysis:	**£**	**£**
Less than 1 year	621,485	-
1 to 2 years	676,875	-
2 to 3 years	255,983	-
	1,554,343	-

Lease payments represent rentals payable by the Company for some of its office locations.

The lease contract contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

20. **Provisions**

	29/02/2020	28/02/2019
	£	**£**
Employee provision	143,385	120,623
Analysed as follows:		
Balance at 1 March	120,623	163,231
Current provision/(amount used)	22,762	(42,608)
Balance at 29 February	**143,385**	**120,623**

The provision for employee benefits represents the annual leave and vested long service leave entitlements accrued for employees.

21. **Deferred tax asset**

	29/02/2020	28/02/2019
	£	£
Balance at the beginning of period	148,174	43,413
(Charge)/credit for the period	(12,709)	104,761
Balance at the end of period	**135,465**	**148,174**

Deferred tax assets have been recognised at 29 February 2020 on the basis that management deems it probable that there will be suitable taxable profits against which these assets can be utilised. These are mainly rising due to temporary difference due to change in accounting policies. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse, based on the substantive enacted rate of 17%. On 11 March 2020 the Chancellor announced that in April 2020 the UK government will legislate to retain the current 19% rate. The change was substantively enacted on 17 March 2020, after the Statement of Financial Position date, and therefore is not included in these financial statements. The following are the major deferred tax assets recognised by the Company. The movements are shown above.

		Property plant & equipment
		£
Deferred tax assets		
At 1 March 2018		43,413
Credit to profit for prior year		104,761
At 28 February 2019		148,174
(Charge)/Credit to profit for prior year		(12,709)
At 29 February 2020		135,465

22. **Reconciliation of profit before income tax expense to cash generated from operations**

	29/02/2020	28/02/2019
	£	£
Profit for the year	314,395	1,839,357
Depreciation charges	945,194	551,487
Amortisation	4,150	2,075
Income tax expense	43,774	386,143
Bad debts written off	-	58,312
Loss on disposal of fixed assets	2,542	-
Interest expense	173,930	58,045
Interest income	(739,567)	(758,970)
	744,418	2,136,449
(Increase)/decrease in inventories	(3,793)	9,962
(Increase)/decrease in trade and other receivables	(6,916,576)	6,592,741
Increase/(decrease) in trade and other payables	8,666,752	(11,750,243)
Cash generated from/(used in) operations	**2,490,801**	**(3,011,091)**

23. **Cash and cash equivalents**

The amounts disclosed on the Statement of cash flows in respect of cash and cash equivalents are in respect of these Statement of financial position amounts:

Year ended 29 February 2020	**29/02/2020**	**28/02/2019**
	£	£
Cash and cash equivalents	**3,129,179**	**2,255,573**
Year ended 28 February 2019	**28/02/2019**	**28/02/2018**
	£	£
Cash and cash equivalents	**2,255,573**	**4,648,882**

24. **Guarantees and contingent liabilities**

The Company is one of the guarantors to a loan entered into by Liquid Telecommunications Holdings Limited and Liquid Telecommunications Financing Plc. The guarantee lasts until Liquid Telecommunications Holdings Limited and Liquid Telecommunications Financing Plc has discharged all its obligations, which is expected to be on 12 July 2022. For all risks, the ultimate liability may vary from the amounts provided and will be dependent upon the eventual outcome of any settlement.

Notes to the financial statements - continued
for the year ended 29 February 2020

25. **Related party disclosures**

During the year the Company entered into the following trading transactions with related parties:

	29/02/2020	28/02/2019
Sales of goods and services	**£**	**£**
Liquid Telecommunications Operations Limited	54,103,000	30,803,367
Liquid Telecommunications South Africa (Pty) Limited	245,569	72,525
Liquid Telecommunications Zimbabwe Limited	76,789	48,229
Zimbabwe Online (Private) Limited	49,263	95,495
CEC Liquid Telecommunications Limited	8,952	1,050
Liquid Telecommunications Kenya Limited	37,550	28,106
African Digital Networks (S.A.R.L.)	8,680	86
Infocom 2013 Limited	12,187	5,875
Liquid Telecommunications Rwanda Limited	32,354	866
Hai Telecommunications Limited	170	4,472
Liquid Telecommunications Holdings Limited	1,048	738
Liquid Telecommunications Botswana (Pty) Limited	309	1,391
RAHA Limited (Tanzania)	1,371	3,314
Transactions Payments Solutions International Limited	-	2,089
Liquid Telecommunications International FZE	372	78
	54,577,613	**31,067,681**

	29/02/2020	28/02/2019
Purchases of goods and services	**£**	**£**
Liquid Telecommunications Operations Limited	60,743,547	47,277,387
Liquid Telecommunications South Africa (Pty) Limited	611,340	543,831
Liquid Telecommunications Zimbabwe Limited	193,493	163,386
Zimbabwe Online (Private) Limited	15,699	15,218
Liquid Telecommunications Kenya Limited	630,625	582,313
African Digital Networks (S.A.R.L.)	124,059	-
Infocom 2013 Limited	108,064	47,077
Liquid Telecommunications Rwanda Limited	41,241	-
RAHA Limited (Tanzania)	162,339	165,713
	62,630,408	**48,794,925**

	29/02/2020	28/02/2019
Other income	**£**	**£**
Econet Wireless Related Group Companies	189,144	189,144
	189,144	**189,144**

	29/02/2020	28/02/2019
Management fees paid	**£**	**£**
Liquid Telecommunications Holdings Limited	1,983,451	-
	1,983,451	-

25. **Related party disclosures (continued)**

	29/02/2020	28/02/2019
Management fees received	**£**	**£**
Liquid Telecommunications Holdings Limited	4,631,125	3,853,845
Liquid Telecommunications Operations Limited	2,019,789	2,110,343
Liquid Telecommunications South Africa (Pty) Limited	290,097	296,341
Liquid Telecommunications Zimbabwe Limited	135,719	95,150
Liquid Telecommunications Kenya Limited	85,474	64,022
African Digital Networks (S.A.R.L.)	64,475	56,014
Infocom 2013 Limited	44,089	25,562
Liquid Telecommunications Rwanda Limited	48,669	81,724
Liquid Sea Limited	-	97,454
Liquid Telecommunications Botswana (Pty) Limited	20,168	51,892
RAHA Limited (Tanzania)	68,239	75,847
Transactions Payments Solutions International Limited	750,753	877,868
Liquid Telecommunications Financing plc	585,587	571,373
	8,744,184	**8,257,435**

	29/02/2020	28/02/2019
Investment income	**£**	**£**
Liquid Telecommunications Holdings Limited	22,910	54,085
Liquid Telecommunications Operations Limited	3,033	2,337
Liquid Telecommunications South Africa (Pty) Limited	17,463	14,097
Liquid Telecommunications Zimbabwe Limited	15,209	13,398
Zimbabwe Online (Private) Limited	7,559	4,224
CEC Liquid Telecommunications Limited	4,530	129
Liquid Telecommunications Kenya Limited	654,731	659,085
African Digital Networks (S.A.R.L.)	262	256
Infocom 2013 Limited	-	15
Liquid Telecommunications Rwanda Limited	71	100
Hai Telecommunications Limited	-	21
Liquid Telecommunications Botswana (Pty) Limited	711	688
RAHA Limited (Tanzania)	-	43
Transactions Payments Solutions International Limited	1,526	2,104
Liquid Telecommunications International FZE	11,563	8,368
	739,567	**758,950**

Notes to the financial statements - continued
for the year ended 29 February 2020

25. **Related party disclosures (continued)**

The following amounts were outstanding at the statement of financial position date:

	29/02/2020	28/02/2019
Short term amounts owed from	**£**	**£**
Liquid Telecommunications South Africa (Pty) Limited	880,982	639,992
Liquid Telecommunications Zimbabwe Limited	505,696	457,337
Zimbabwe Online (Private) Limited	290,762	181,947
CEC Liquid Telecommunications Limited	165,023	6,213
Liquid Telecommunications Kenya Limited	567,888	552,076
African Digital Networks (S.A.R.L.)	-	8,669
Infocom 2013 Limited	-	284
Liquid Telecommunications Rwanda Limited	-	5,276
Liquid Telecommunications Botswana (Pty) Limited	22,956	22,036
RAHA Limited (Tanzania)	316	-
Liquid Telecommunications International FZE	405,760	310,236
	2,839,384	**2,184,066**

Short term intercompany receivables bear interest at the rate of GBP one-month LIBOR +2.5%, are unsecured and are to be repaid within 12 months.

	29/02/2020	28/02/2019
Receivable balances from	**£**	**£**
Liquid Telecommunications Holdings Limited	-	-
Liquid Telecommunications Operations Limited	-	-
Liquid Telecommunications South Africa (Pty) Limited	55,535	33,664
Liquid Telecommunications Zimbabwe Limited	504,087	281,866
Zimbabwe Online (Private) Limited	215,773	161,366
CEC Liquid Telecommunications Limited	18,773	10,987
Liquid Telecommunications Kenya Limited	34,481	10,720
African Digital Networks (S.A.R.L.)	137,172	174,668
Infocom 2013 Limited	12,219	3,273
Liquid Telecommunications Rwanda Limited	387,426	387,564
Hai Telecommunications Limited	-	40
Liquid Telecommunications Botswana (Pty) Limited	114,810	92,333
RAHA Limited (Tanzania)	5,934	3,382
Transactions Payments Solutions International Limited	-	-
Liquid Telecommunications International FZE	181,488	-
Liquid Telecommunications Financing Plc	-	39,337
Transactions Payments Solutions South Africa (Pty) Limited	14,086	-
	1,681,783	**1,199,200**

25. **Related party disclosures (continued)**

	29/02/2020	28/02/2019
Long term loans owed from	**£**	**£**
Liquid Telecommunications Kenya Limited	7,822,091	7,695,976
	7,822,091	**7,695,976**

	29/02/2020	28/02/2019
Payable balances to	**£**	**£**
Liquid Telecommunications Holdings Limited	57,816	-
Liquid Telecommunications Operations Limited	2,127,094	1,264,989
Liquid Telecommunications South Africa (Pty) Limited	270,281	94,758
Liquid Telecommunications Zimbabwe Limited	596,428	342,914
Zimbabwe Online (Private) Limited	49,388	32,671
Liquid Telecommunications Kenya Limited	57,591	61,361
African Digital Networks (S.A.R.L.)	15,120	-
Infocom 2013 Limited	95,682	9,863
Liquid Telecommunications Rwanda Limited	7,314	-
RAHA Limited (Tanzania)	84,904	20,956
Liquid Telecommunications Financing Plc	170,517	-
	3,532,135	**1,827,512**

The companies listed above are related parties of the Company because they share the same parent company, Liquid Telecommunications Holdings Limited. Sales and purchases of goods between related parties were made at the Company's usual list prices, plus a mark-up. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

26. **Capital risk management**

The Company manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's strategy remains unchanged from 2019.

The capital structure of the Company consists of net debt (which includes the borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company, comprising issued share capital and retained earnings in the statement of changes in equity respectively.

27. **Significant accounting policies**

In the application of the Company's accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, the basis on which income and expenses are recognised, for each class of financial asset, financial liability and equity instrument, the directors are required to make judgements, estimates and assumptions which are disclosed in note 2 to the financial statements.

Judgements and estimates are reviewed on ongoing basis, including obtaining advice from third parties. Judgements and estimates are based on historical experience, believed to be reasonable under the circumstances and, where appropriate, practices adopted by other entities. In the process of applying the accounting policies described in this note, judgements and estimates made by the Company that have the most significant impact on the amounts recorded in the financial report may differ from actual results. The revisions to the estimates are recognised in the period in which the estimate is revised, if the revision only affects that period, or in that period and future periods if the revision affects both the current and future periods.

28. Gearing ratio

The Company's directors review the capital structure on a periodic basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

	29/02/2020	28/02/2019
	£	£
Debt (i)	1,554,343	855,612
Cash balances	(3,129,179)	(2,255,573)
Net (asset)/debt	**(1,574,836)**	**(1,399,961)**
Equity (ii)	**11,736,132**	**10,815,437**

(i) Debt is defined as long and short-term borrowings, and lease liabilities under IFRS 16.
(ii) Equity includes all capital and reserves of the Company that are managed as capital.

Reconciliation of movements in liabilities to cash flows arising from financing activities

	At 28 February 2019	Impact of adoption of IFRS 16	At 1 March 2019	Repayment of debt	Foreign exchange	At 29 February 2020
	£			£	£	£
Lease liability	-	2,124,936	2,124,936	(570,593)	-	1,554,343
Short term borrowings	855,612	-	855,612	(828,901)	(26,711)	-
Total debt	855,612	2,124,936	2,980,548	(1,399,494)	(26,711)	1,554,343
Cash and cash equivalents	(2,255,573)					(3,129,179)
Net debt	**(1,399,961)**					**(1,574,836)**

29. Categories of financial assets and liabilities

Financial assets and liabilities held at amortised cost	**29/02/2020**	**28/02/2019**
Financial assets	£	£
Loan receivables	7,822,091	8,237,741
Trade and other receivables	20,614,479	12,493,112
Cash and bank balances	3,129,179	2,255,573
Financial liabilities		
External loans	-	855,612
Lease liability	1,554,343	-
Trade and other payables	20,246,641	11,254,096

Financial assets and liabilities held at amortised cost are a reasonable approximation of fair value.

30. Foreign currency risk management

Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal management reports, which analyse exposures by degree and magnitude of risks. These risks include market risk including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The carrying amounts of the Company's foreign currency denominated monetary assets at the reporting date are as follows:

	29/02/2020	28/02/2019
Assets	£	£
Currency of the United States (USD)	2,771,361	1,888,468
Currency of the European Union (EUR)	3,721	145,149
	2,775,082	**2,033,617**

31. **Foreign currency analysis**

The Company is exposed to currency USD and EUR. The following table details the Company's sensitivity to a 10 % increase and decrease in Sterling against the relevant foreign currencies. 10 % is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10 % change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where Sterling strengthens 10 % per cent against the relevant currency. For a 10 % weakening of Sterling against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	29/02/2020	28/02/2019
	£	£
USD Currency impact	172,832	372,768
EUR Currency impact	43,520	13,407

The sensitivity on statements of profit or loss and other comprehensive income is mainly attributable to the exposure outstanding on foreign currency receivables, payables and long-term loans at year end in the Company.

32. **Interest rate risk management**

The Company is exposed to interest rate risk because entities in the Company borrow internal funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

33. **Interest rate sensitivity analysis**

The sensitivity analysis has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100-basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 29 February 2020 would decrease/increase by £137,906 (2019: £121,356). This is mainly attributable to the Company's exposure to interest rates on its cash balance and loans to affiliated companies.

34. **Credit risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

Apart from sales to related companies, the Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

35. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below details the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities bases on the earliest date on which they can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective rate	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	At 29 February 2020
		£	£	£	£	£
2020 Financial liabilities	0.79%	9,543,306	3,103,689	3,051,504	932,858	16,631,357
2019 Financial liabilities	0.40%	5,160,396	200,542	1,157,057	-	6,517,995

36. Events after the reporting period

The directors have taken into account the unusual circumstances created by the COVID-19 pandemic in the preparation of these financial statements. Director's estimates there is minimal impact of COVID-19 pandemic on the Company business. They continue to monitor the business for any further impact.

There are no other significant events after the statement of financial position date as at the date of signing of the financial statements.

37. Ultimate controlling party

The Company's immediate parent company is Liquid Telecommunications Holdings Limited ("LTH"), which is a company incorporated in the Mauritius. LTH is in turn, wholly incorporated into Econet Global Limited ("EGL") which is incorporated in Mauritius. EGL is the ultimate parent company, which is ultimate controlling party. Copies of the LTH Financial Statements can be obtained from: 10th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius.