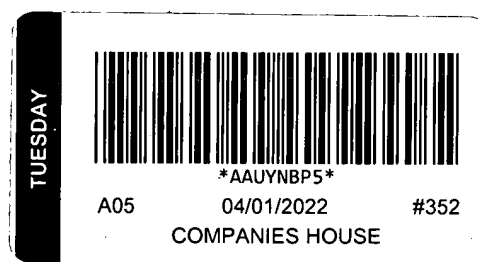


Registered number: 05903820

LYCAMOBILE UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



	Page
Company Information	1
Strategic Report	2
Report of the Directors	7
Statement of Directors' Responsibilities	11
Report of the Independent Auditor	12
Statement of Comprehensive Income	15
Statement of Financial Position	16
Statements of Changes in Equity	17
Statement of Cashflows	18
Notes to the Financial Statements	19

Directors

A Subaskaran
A S Premananthan
C D M Tooley (appointed 23 December 2020)

Registered Office

3rd Floor
Walbrook Building
195 Marsh Wall
London E14 9SG

Independent Auditor

PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London E14 4HD

Company Number

05903820

Strategic Report for the Year Ended 31 December 2020

The Directors present their Annual Report and Financial Statements of the Company for the year ended 31 December 2020.

Principal Activities

The Company's principal activities in the period under review was the provision of telecommunication services as a Mobile Virtual Network Operator ('MVNO') within the UK market. Lycamobile UK Limited ("the Company") first launched mobile operations in the United Kingdom in September 2008 and is now one of the largest MVNO's in the United Kingdom, with industry awards for excellence and innovation for its services and products. As a MVNO provider, the Company provides telecommunication services to the customers via third party national mobile networks provided by a Mobile Network Operator under a contractual agreement.

The Company initially developed for the expatriate communities in UK and has fast become a global brand synonymous with connecting customers with their loved ones across oceans, borders and networks at the cheapest possible price.

The Company heavily invested to upgrade/develop its own telecom platforms to provide continuous award-winning services to its customers as well as its related parties.

In addition, the Company's success involves investing heavily in marketing and promotional activities to attract new customers while retaining existing customers.

Corporate Governance

Responsibility for robust and strong corporate governance lies with the Board and the Board recognises in full its obligation and continuing responsibility for organising and directing the overall affairs of the Company in a way that is in the best interests of the shareholders. This involves detailed discussion and strategic review of the financial and operational performance of the Company as well as review of risk and internal controls.

In particular, the Company adopts an entrepreneurial business approach, providing leadership and expertise to other related party companies.

The Board is also responsible for the overall management of the Company's business and is accountable to the shareholders as well as for setting out the Company strategy and performance review and for the long-term success of the Company. This includes ensuring that the Company is adequately resourced, that the appropriate skills are in place and that the management team are meeting their objectives whilst ensuring that shareholder value is maintained.

Review of business

The Company reported £137m revenue for the year ended 31 December 2020 compared to £155.8m for the previous year, which represents a decrease of 12.1%. The gross profit margin has decreased to 49% in the year ended 31 December 2020 from 51% in the year ended 31 December 2019. The decline in revenue reflects continued industry- wide increase in Data usage and reduction in Voice usage and gross margin has decreased due to price competition.

Operating profit for the year decreased to £8.5m (year ended 31 December 2019: £21.6m), due to declining revenues offset by relatively reduced administrative expenses, and reversal of prior year impairment losses. Administrative expenses were £59.5m (year ended 31 December 2019: £64.4m) which represents a decrease of 8.0%. The decrease is primarily due to distribution cost, equipment running cost, travel and marketing savings, as part of the Company's cost saving measures.

The Company adopts a usage policy for recognising income. The amounts of income which are deferred until future use are held within the deferred income account in the Statement of Financial Position. The Company defers the recognition of income until such time as the customers use their balances or when the balances expire after a period of non-utilisation as set out in the terms and conditions of the customer's contract. All amounts held in deferred income relating to future usage are identifiable to individual customers.

The Company's key performance indicators

	31 December 2020	31 December 2019
Active subscribers	1.7 million	1.9 million
Churn %	8%	10%

Active subscribers represent active customers as at 31 December 2020 and 31 December 2019. Subscribers are defined as active customers if they have made an outbound call, text or used data in the proceeding 90 days' period.

Churn is a measure of the number of customers that have been inactive on the network during the last 90 days as a percentage of the active subscriber base.

The prepaid customer base has declined year on year at 1.7 million in 2020 from 1.9 million in 2019 in line with a continued decline in the UK prepaid market. The Company intends to continue to increase its bundle penetration by launching new and innovative products and tariffs into the marketplace to maintain its profitable customer bases. Churn has improved by 2% due to lower reliance on distribution channels which generate short term customers.

Net current assets of the Company have increased to £39.3m as at 31 December 2020 from £33.2m for the year ended 31 December 2019.

Profit for the Financial Year

The profit for the year after taxation is £5.3m (year ended 31 December 2019: £18.2m).

The Company trades with other affiliated and related party companies (see note 19) and the Company, its affiliates and related parties are included in an operating model that ensures revenue and profits are economically allocated to the company which has earned them.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company have been reviewed in detail by the Directors and no material additional risk or uncertainty has been identified other than those detailed below. These risks are broadly grouped within competitive, operational, regulatory and financial risk. The Directors' risk management objectives consist of identifying and monitoring those risks which could have an adverse impact on the Company's assets, profitability or cash flows.

Competitive Risk

The United Kingdom MVNO market remains competitive with new entrants able to join relatively easily, resulting in pricing risk. It has proven difficult for any new entrant to achieve any scale, however, and the combination of any new entrant's inability to match Lycamobile's tariff rates for any length of time as well as a lack of national distribution mitigates this risk. This competitive risk is further mitigated by regular reviews of competitive offerings and changes market providers. Actions are taken immediately where possible.

Operational Risk

The main operational risk relating to the Company is the operation of the telecommunication service agreement with the Mobile Network Operator. The Company's ability to provide services to its customers depends on maintaining an agreement with its Mobile Network Operator or acquiring a new agreement with other Mobile Network Operators for network services. The Company currently operates solely within a long-term telecommunication service agreement for the network services. The Company does not have any dependency on voice or non-voice services from the Mobile Network Operator which it provides to its customers itself. This overall operational risk is mitigated by ensuring that the term on the network service agreement is extended to a duration exceeding 12 months wherever possible.

Compliance Risk & Regulatory Risk

The UK officially exited the European Union (EU) on 31 January 2020 but the EU law continued to apply until the 31 December 2020 as part of the transition period in the Withdrawal Agreement. UK telecommunication providers continue to be treated the same as a company incorporated in any EU Member State until the end of the transition period, with a possible extension for up to another two years. Uncertainty of outcomes remain as the UK government negotiates a new relationship with the European Union and the rest of the world. The Company is monitoring the situation closely. However, the Company does not anticipate that Brexit will have significant implications for its operations or future developments but will continue to monitor the effects of the relationship between UK and the EU.

The Company's principal activities are regulated by Office of Communications (OfCOM). Regulatory changes may have an adverse finance effects on prices, for example, regulating certain charges on mobile termination revenue and roaming charges. This has an impact on the Company and implies a loss of revenue in the future. These overall regulatory changes are not specific to Lycamobile and affects telecom companies across the world. However, to mitigate this potential loss of future revenue, termination costs of outgoing calls will reduce, which will partly offset the revenue decline. The overall effect of this revenue decline is not regarded as significant to the Company which, as with other telecom companies, will be seeking to replace the loss of revenue from alternative sources, for example data services.

Financial Risk

The Company has undertaken a risk assessment within the non-trading areas of the business, which could have a material effect on the performance of the business. These are classified under financial risk, categorised into foreign exchange, credit risk and liquidity risk.

Foreign Exchange Risks

The Company's sales continue to be made in British pounds sterling. The Company also has certain balances due to or from related parties in other currencies, primarily Euros, and the Company is therefore exposed to currency movements. As a matter of policy, the Company chooses not to currently use financial derivatives or currency hedging to manage its exposure.

Principal Risks and Uncertainties (Continued)**Credit Risk**

The Company's principal financial assets are bank balances, trade and other receivables. The Company's credit risk is primarily attributable to the amounts due from related parties. The amounts presented in the Statement of Financial Position are presented net of any impairment. Each balance is reviewed and an assessment of recoverability of the balance has been made individually, with any impaired amount taken directly to profit and loss. The credit risk on bank balances is considered limited because the counterparties are banks with high credit ratings. The Company has a significant concentration of credit risk as a result of significant balances due to and from related parties.

The Company has undergone a process to review the recoverability of intercompany balances owing at the year end. In doing so it has taken the step to reduce the value of the debtors outstanding based upon various criteria including the counterparties profitability, financial stability and subsequent repayment.

Liquidity Risk

The Company's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations. The Company, in conjunction with related parties, monitors rolling forecasts to ensure it has sufficient cash to meet operational needs.

Covid-19 Risk

As we approached the first quarter of 2020, the COVID-19 pandemic escalated globally, and the UK was put into lockdown on 23 March 2020 and subsequently in January 2021 The Company has put in place initiatives to manage the impact of the pandemic and the associated risks effectively by following Government guidelines including working from home where possible.

Future Developments

The Directors remain optimistic for the operational and financial outlook in 2021 across all key performance indicators. With continued investment in new products and technologies, the Company will ensure delivery of a low cost, high quality services to its customers whilst improving its competitive advantage against its direct competitors.

Post balance sheet events

The Covid-19 global pandemic continues in 2021 and the introduction of a third lockdown in January impacted the Company in various ways, including disruption in incoming migrants. As a result, the number of new customers joining with Lycamobile during January and February was slightly lower than expected. However, the Company has put in place initiatives to manage the impact of the pandemic and the associated risks effectively. Though we do not expect a significant deviation of our objectives, based on current trends we would expect a slight decline in revenue due to Covid-19 compared to 2020.

Section 172(1) statement

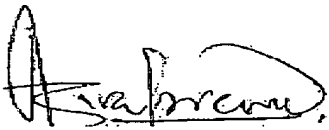
The Directors believe that they have, in good faith, acted in a way that they consider would be most likely to promote the success of the Company for the benefit of its shareholder and, in doing so, have had regard to and recognised the importance of all stakeholders in its decision-making. The Company is committed to be a responsible business whose behaviour is aligned with the expectations of our people, suppliers and customers.

Section 172(1) statement (Continued)

Our people are fundamental to the delivery of our strategy. For the Company to succeed we need to manage our people's performance and develop new talent, while ensuring we operate as efficiently as possible. We aim to be a responsible employer in our approach to the remuneration and benefits our employees receive.

The Company works closely with customers and suppliers to build long-term relationships and to understand their needs and priorities. The Board's intention is to behave responsibly and ensure that management operates the business in a responsible manner.

By order of the Board:

A handwritten signature in black ink, appearing to read 'A S Premananthan', written over a horizontal line.

A S Premananthan
Director

30 December 2021

The Directors present their Annual Report with the Financial Statements of the Company for the year ended 31 December 2020.

Dividends

The Directors do not propose a final dividend for the year (year ended 31 December 2019: £nil). No dividend was paid during the year ended 31 December 2020 (year ended 31 December 2019: £nil).

Directors

The Directors who have held office during the year from 1 January 2020 to the date of this report are as follows:

A Subaskaran
A S Premananthan
C D M Tooley (appointed 23 December 2020)

Related Party Transactions

The Company's individual shareholders have similar interests in a range of related companies. As these companies are under common control, transactions between Lycamobile UK Ltd and these companies are related party transactions. Details of these transactions are disclosed in the notes to the financial statements.

Political and Charitable Contributions

During the year the Company made no political contributions (year ended 31 December 2019: £nil). The Company donated £717,000 (period ended 31 December 2019: £493,197) to charities across a range of national and international charities, including the British Asian Trust and Gnanam Foundation which offers support for disadvantaged children internationally, for which Mr A Subaskaran is on the Board of Trustees.

Employment Policies and Involvements

Opportunities are available to disabled employees for training, career development and promotion. The Company does not condone unfair treatment of any kind and offers equal opportunities in all aspects of employment and advancement regardless of race, nationality, gender, age, marital status, sexual orientation, disability, religious or political beliefs. The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job.

Should any existing employee become unfortunately disabled during their employment, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

The Company's employment policy is fully compliant with all legal and cultural requirements and seeks to maintain high standards and strong employee relations with all its employees within a diverse and inclusive environment.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors believe the Company will be able to continue to operate and meet its obligations as they fall due for the foreseeable future.

The Company has reported: -

- an operating profit for the year of £8.5m (year ended 31 December 2019: £21.6m);
- net current assets of £39.3m (31 December 2019: £33.2m); and
- net cash inflows from operating activities for the year of £1.9m (net cash outflows for the period ended 31 December 2019: £1.7m) as evidenced on page 18 in the Statement of Cashflows.

The majority of the cash flows associated with investing and financing activities are ultimately either discretionary and/or with related parties under the control of Mr A Subaskaran.

The Directors have reviewed the Company's business activities, together with the factors likely to affect the Company's future development, performance and position. This going concern assessment has given consideration to the Group's available cash flow, business model, strategy, regulatory environment, principal risks and uncertainties, recent financial performance and outlook, which are detailed in the Strategic Report on pages 2 to 6. The going concern of the Company has been assessed taking into account the potential impact of certain scenarios arising from the uncertainties, which have the greatest potential impact on the going concern positions of the Company in the periods under review. In particular, the Directors have considered the ongoing impact of COVID-19.

Given the unique conditions arising from COVID-19, specific consideration has been given to how the pandemic may affect the results of the Company and its related parties as part of the going concern and this scenario planning considered the following possible impacts;

- A general market slowdown in new customer acquisitions, and a reduction in churn rate.
- A reduction in operating costs, primarily in relation to subscriber acquisition costs, marketing and third-party customer service costs due to lower new customer acquisitions and lockdown restrictions.

Based on these considerations the Directors have prepared forecast trading cash inflows and outflows for the Company and have no reason to believe cash generated for operating activities will be less than that historically generated.

The Directors have reviewed these trading and operational cashflow forecasts for the Company for the period to 31 December 2022 including in the forecast those factors which the Directors consider could materially affect forecast cashflow during the period, both positively and negatively.

This review has included an overlay of probable sensitivity analysis to key assumption changes, including potential market tariff and market share changes, and demonstrates that there are no material variations to the forecast cashflow generated from operations.

The Directors have also reviewed the asset and liability bases of the Company as at the date of approval of these financial statements and separately considered those which are third party and those which are 'related' to other companies controlled by the same ultimate shareholder.

The Company and its related parties form an operating model that ensures revenue and profits are economically allocated to the group which has earned them. As such the Company has substantial trading transactions with other related party companies and there may be significant amounts due to or from those parties that are repayable on demand. The Company may also be called upon to fund related parties however there is no obligation to do so.

Going Concern (continued)

Third party cash related liabilities will be settled from the cash flow forecasts as they fall due in the normal course of business via the MVNO group Treasury function. Related party liabilities will be settled only when sufficient surplus working capital is available.

The Directors have further mitigated any potential related party risk by receiving an undertaking from the owners of certain material related party creditor companies that liabilities will not be demanded and repaid by the Company for a period of at least twelve months from the date of signing these financial statements, unless sufficient surplus funds are available, or if doing so could jeopardise, in the opinion of the Company's Directors, the Company's ability to meet its debts as they fall due.

The Directors have additionally concluded, following a review of related party receivables, that whilst operational cash headroom would be significantly reduced in the event of difficulty collecting these balances, this would not itself jeopardise the going concern conclusion that the Directors have reached.

In February 2019, HMRC issued determinations under s444, CTA 2009 for the years 28 February 2013 to 31 December 2017 for amounts to be brought into account for specific tax purposes. The determinations relate to the treatment of imputed interest on certain current trading accounts. The Directors have appealed the determinations and do not consider any tax will be due or paid within the going concern period.

As referred to in note 1.18(v), the Company is in dispute with HM Revenue and Customs ("HMRC"), in relation to treatment of VAT on certain classes of transactions. A provision has been recorded of £90.3m to reflect the Company's current best estimate of the potential exposure as at 31 December 2020, including penalties and interest. The Directors have increased the provision in line with the VAT position taken by the Company since that date. The full amount provided within creditors is currently under appeal with HMRC and the Directors remain confident of a successful outcome. HMRC has raised a protective assessment in relation to this dispute. In accordance with required practice, during the prior year, the Company has sought postponement from collection of this amount which has been accepted by HMRC and negotiations are ongoing. The Company does not expect the resolution of this matter within the next 12 months.

These financial risks have been further mitigated by the availability of financial support from related parties, should it be required. The Directors have confirmed the validity of this conclusion by undertaking a review of the cashflows for the related party companies within the MVNO group which show sufficient cashflow headroom for this potential provision to be met from wider operational cashflow.

On the basis of their assessment of the Company's financial position, the Directors consider that the Company is well placed to manage its business risks successfully and have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Liquidity and Capital Resources

The major source of liquidity for the year ended 31 December 2020 was cash generated from operations. The Company's key sources of liquidity for the foreseeable future will likely be cash generated from operations.

Events after the Reporting Date

Strategic report and Note 20 provides details on events after the reporting date.

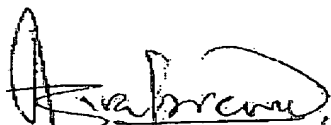
Disclosure of Information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditors

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

By order of the Board



A S Premananthan
Director

30 December 2021

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 period. Under that law the Directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing each of the Company financial statements, the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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 the Financial Statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Lycamobile UK Limited**Opinion**

We have audited the financial statements of Lycamobile UK Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.3 to the financial statements concerning the Company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on company 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 this regard.

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the company 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 company 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.

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

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector;
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, FRS102, telecoms statute and regulations and tax legislation;

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - enquiries of management and legal counsel
 - review of minutes
 - review of legal / regulatory correspondence received in the financial year and subsequent to the year-end
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that revenue recognition was also a risk and we performed substantive testing with no issues found. We also tested accounting estimates such as the impairment of receivables and the VAT provision, which we concluded remained reasonable;
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.



Mark Ling (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

30/11/2021

LYCAMOBILE UK LIMITED
**STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2020**

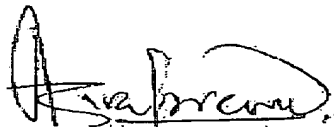
	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Turnover	2	136,971	155,835
Cost of sales		(70,243)	(76,888)
Gross Profit		66,728	78,947
Administrative expenses		(59,493)	(64,396)
Movement on impairment of related party receivables		-	5,464
Other operating income		1,277	1,551
Operating Profit		8,512	21,566
Interest payable and similar charges	6	(1,730)	(149)
Interest receivable and similar income	6	644	574
Profit before Taxation		7,426	21,991
Tax on profit	7	(2,140)	(3,750)
Profit for the Year		5,286	18,241

All of the activities of the Company are classed as continuing.

The notes on pages 19 to 48 form part of these financial statements.

		31 December 2020 £'000	31 December 2020 £'000	31 December 2019 £'000	31 December 2019 £'000
	Note				
Fixed Assets					
Tangible assets	8		3,805		4,101
Investment property	9		3,300		3,300
			7,105		7,401
Current Assets					
Debtors (including £17,228k (31 December 2019: £14,279k) due after more than one year)	10	184,793		174,422	
Cash at bank and in hand		1,334		1,060	
		186,127		175,482	
Creditors : amounts falling due within one year	11	(146,786)		(142,265)	
Net Current Assets			39,341		33,217
Total Assets Less Current Liabilities			46,446		40,618
Creditors : amounts falling due after more than one year	12		(100)		(362)
Net Assets			46,346		40,256
Capital and Reserves					
Called up share capital	18		-		-
Profit and loss account			46,346		40,256
Shareholders' Funds			46,346		40,256

These financial statements were approved and authorised for issue by the Board of Directors on 30th December 2021 and were signed on its behalf by:



A S Premananthan
Director

The notes on pages 19 to 48 form part of these financial statements.

LYCAMOBILE UK LIMITED
**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2020**

	Share capital £'000	Profit and loss account £'000	Total Shareholders' funds £'000
As at 1 January 2019	-	22,015	22,015
Unwinding of finance costs	-	-	-
Total comprehensive income	-	18,241	18,241
Distribution	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2019	-	40,256	40,256
Unwinding of finance costs	-	-	-
Total comprehensive income	-	5,286	5,286
Distribution	-	804	804
	<hr/>	<hr/>	<hr/>
As at 31 December 2020	-	46,346	46,346
	<hr/>	<hr/>	<hr/>

The notes on pages 19 to 48 form part of these financial statements.

LYCAMOBILE UK LIMITED

STATEMENT OF CASHFLOWS
YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Cash Flows from Operating Activities	Note		
Profit for the Year		5,286	18,241
Adjustments for:			
Depreciation	8	2,005	2,923
Impairment movement		-	(5,464)
Interest payable and similar charges	6	1,730	149
Interest receivable and similar income	6	(644)	(574)
Tax charge		2,140	3,750
Operating cash flow before movement in working capital		10,517	19,025
(Increase)/Decrease in debtors		(10,371)	(30,396)
Increase/(Decrease) in creditors		4,521	20,470
		4,667	3,251
Tax paid		(2,811)	(4,932)
Net Cash Flows from Operating Activities		1,856	(1,681)
Cash Flows from Investing Activities			
Acquisition of tangible fixed assets	8	(1,710)	(2,281)
Net Cash used in Investing Activities		(1,710)	(2,281)
Cash Flows from Financing Activities			
Interest paid		(152)	(116)
Cash from capital distribution		804	-
Interest element of hire purchase and finance lease rental payments		(24)	(33)
Payments of finance lease liabilities		(262)	(521)
Loans received during the year		-	258
Loans repaid during the year		(238)	(1,775)
Net Cash generated from/(used in) Financing Activities		128	(2,187)
Net Increase in Cash in the Year		274	(6,149)
Cash and Cash Equivalents as at 1 January 2020		1,060	7,209
Cash and Cash Equivalents at 31 December 2020		1,334	1,060
Major Non Cash Transactions:			
Assets acquired under finance lease		-	385
Unwinding of discount of long term payable		-	-
Unwinding of discount on long term receivables		644	574
Discounting of long term receivables		(747)	-

The notes on pages 19 to 48 form part of these financial statements.

1. Accounting Policies**1.1 Basis of Preparation**

Lycamobile UK Limited is a private company limited by shares and incorporated and domiciled in England, United Kingdom. The address of its registered office is 3rd Floor, Walbrook Building, 195 Marsh Wall, London, E14 9SG. The functional and presentational currency of the Company is GBP.

The Company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006. All amounts within the financial statements have been rounded to the nearest £1,000 unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in note 20.

1.2 Measurement Convention

The financial statements have been prepared on a going concern basis, under the historical cost accounting rules with the exception of investment property and non-interest bearing loans which have been stated at fair value.

1.3 Going Concern

The financial statements have been prepared on a going concern basis. The Directors believe the Company will be able to continue to operate and meet its obligations as they fall due for the foreseeable future.

The Company has reported: -

- an operating profit for the year of £8.5m (year ended 31 December 2019: £21.6m);
- net current assets of £39.3m (31 December 2019: £33.2m); and
- net cash inflows from operating activities for the year of £1.9m (net cash outflows for the period ended 31 December 2019: £1.7m) as evidenced on page 18 in the Statement of Cashflows.

The majority of the cash flows associated with investing and financing activities are ultimately either discretionary and/or with related parties under the control of Mr A Subaskaran.

The Directors have reviewed the Company's business activities, together with the factors likely to affect the Company's future development, performance and position. This going concern assessment has given consideration to the Lyca Group available cash flow, business model, strategy, regulatory environment, principal risks and uncertainties, recent financial performance and outlook, which are detailed in the Strategic Report on pages 2 to 6. The going concern of the Company has been assessed taking into account the potential impact of certain scenarios arising from the uncertainties, which have the greatest potential impact on the going concern positions of the Company in the periods under review. In particular, the Directors have considered the ongoing impact of COVID-19.

Going Concern (continued)

Given the unique conditions arising from COVID-19, specific consideration has been given to how the pandemic may affect the results of the Company and its related parties as part of the going concern and this scenario planning considered the following possible impacts;

- A general market slowdown in new customer acquisitions, and a reduction in churn rate.
- A reduction in operating costs, primarily in relation to subscriber acquisition costs, marketing and third-party customer service costs due to lower new customer acquisitions and lockdown restrictions.

Based on these considerations the Directors have prepared forecast trading cash inflows and outflows for the Company and have no reason to believe cash generated for operating activities will be less than that historically generated.

The Directors have reviewed these trading and operational cashflow forecasts for the Company for the period to 31 December 2022 including in the forecast those factors which the Directors consider could materially affect forecast cashflow during the period, both positively and negatively.

This review has included an overlay of probable sensitivity analysis to key assumption changes, including potential market tariff and market share changes, and demonstrates that there are no material variations to the forecast cashflow generated from operations.

The Directors have also reviewed the asset and liability bases of the Company as at the date of approval of these financial statements and separately considered those which are third party and those which are 'related' to other companies controlled by the same ultimate shareholder.

The Company and its related parties form an operating model that ensures revenue and profits are economically allocated to the company which has earned them. As such the Company has substantial trading transactions with other related party companies and there may be significant amounts due to or from those parties that are repayable on demand. The Company may also be called upon to fund related parties however there is no obligation to do so.

Third party cash related liabilities will be settled from the cash flow forecasts as they fall due in the normal course of business via the MVNO group Treasury function. Related party liabilities will be settled only when sufficient surplus working capital is available.

The Directors have further mitigated any potential related party risk by receiving an undertaking from the owners of certain material related party creditor companies that liabilities will not be demanded and repaid by the Company for a period of at least twelve months from the date of signing these financial statements, unless sufficient surplus funds are available, or if doing so could jeopardise, in the opinion of the Company's Directors, the Company's ability to meet its debts as they fall due.

The Directors have additionally concluded, following a review of related party receivables, that whilst operational cash headroom would be significantly reduced in the event of difficulty collecting these balances, this would not itself jeopardise the going concern conclusion that that Directors have reached.

In February 2019, HMRC issued determinations under s444, CTA 2009 for the years 28 February 2013 to 31 December 2017 for amounts to be brought into account for specific tax purposes. The determinations relate to the treatment of imputed interest on certain current trading accounts. The Directors have appealed the determinations and do not consider any tax will be due or paid within the going concern period.

As referred to in note 1.18(v), the Company is in dispute with HM Revenue and Customs ("HMRC"), in relation to treatment of VAT on certain classes of transactions. A provision has been recorded of £90.3m to reflect the Company's current best estimate of the potential exposure as at 31 December 2020, including penalties and interest. The Directors have increased the provision in line with the VAT position taken by the Company since that date. The full amount provided within creditors is currently under appeal with HMRC and the Directors remain confident of a successful outcome. HMRC has raised a protective assessment in relation to this dispute. In accordance with required practice, during the prior year, the Company has sought

Going Concern (continued)

postponement from collection of this amount which has been accepted by HMRC and negotiations are ongoing. The Company does not expect the resolution of this matter within the next 12 months.

The trading and operational cashflow forecasts demonstrate that the Company will require support from related parties to settle the liability should it arise within the going concern period.

These financial risks have been further mitigated by the availability of financial support from related parties, should it be required. The Directors have confirmed the validity of this conclusion by undertaking a review of the cashflows for the related party companies within the MVNO group which show sufficient cashflow headroom for this potential provision to be met from wider operational cashflow.

On the basis of their assessment of the Company's financial position, the Directors consider that the Company is well placed to manage its business risks successfully and have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services supplied stated net of value added taxes. The Company adopts specific revenue recognition criteria prior to revenue being recognised, as follows:

Mobile Service Revenue

This includes national and international airtime, data and roaming services provided to the end user. Airtime is invoiced to prepay customers at the time of top-up and to wholesalers at the time of voucher activation. Mobile service revenues are recognised only when the services are actually consumed by the end user (usage). Revenue invoiced or received in advance of usage is deferred and released when consumed as services by the end users or when usage expires. Usage is determined as the amount of airtime used by the end customer after deducting trade discounts, incentives, bonuses and free credits.

Deferred Income

Deferred income for future usage of top-up payments is recognised as a liability on the Statement of Financial Position. The deferred income is released to the Statement of Comprehensive Income upon usage by the end users or on expiry of unused balances of end users and then recorded as turnover.

Mobile Termination Revenue (MTR)

Mobile termination revenue is recognised when the calls are terminated to Lycamobile through an interconnect partner.

Revenue for Support Services

Revenue from the supply of mobile equipment support services to related parties is recognised when the service is provided.

Revenue for Bundle Arrangements with Multiple Components of Income

For revenue bundles in which prepaid income is received in advance of usage for potentially one or more multiple revenue deliverables, the revenue is released to income according to the proportionate relative usage of each of the deliverables, each of which has been assigned a value.

Identifying the fair value of each element of the deliverable is earned by assessing the tariffs at which the service or deliverable is normally sold on an individual basis after the deduction of any relevant offers, discounts or promotions.

Interest income

Interest income is recognised using the effective interest rate method.

1. Accounting Policies (continued)**1.5 Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets; at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Motor vehicles	- over 4 years
Computer equipment	- over 4 years
Furniture	- over 4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.6 Investment Property

Investment property is carried at fair value determined annually by an external valuer and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

1.7 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the reporting date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

1. Accounting Policies (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.8 Foreign Currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss.

1.9 Pension Costs and Other Post Retirement Benefits

A defined contribution plan is a post-employment benefits plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as expense in profit or loss in the periods during which services are rendered by employees. Amounts not paid are shown within accruals in the statements of financial position.

1.10 Leasing and Hire Purchase Commitments

Assets held under finance leases and hire purchase contracts, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the Statement of Financial Position and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the Statement of Financial Position. The interest elements of the rental obligations are charged to profit or loss over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

1.11 Rental Income

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

1.12 Classification of Issued Financial Instruments

In accordance with FRS 102 section 22, financial instruments issued are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

1.Accounting Policies (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.13 Basic Financial Instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Trade and Other Debtors/Creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade and other debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-Bearing Borrowings Classified as Basic Financial Instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. All borrowing revenue and costs are recognised in profit or loss. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest. Differences on initial recognition of financial assets or liabilities are accounted for as distributions or capital contributions within equity.

Investments in Preference and Ordinary Shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit or loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.14 Impairment Excluding Investment Properties and Deferred Tax Assets***Financial Assets (including Trade and Other Debtors)***

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows

1. Accounting Policies (continued)

discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.15 Impairment Excluding Investment Properties and Deferred Tax Assets (continued)***Non-Financial Assets***

The carrying amounts of the entity's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.16 Operating Profit

Operating profit is stated in relation to the Company's core trading activities. This measure excludes valuation movements relating to investment properties held which are shown separately on the face of the Statement of Comprehensive Income within profit or loss.

1.18 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Critical judgements**(i) *Implied interest attached to some loans***

The Company applies a market rate of interest to loans provided to associates and related parties at rates less than market rate. The Company reviews available rates in the market-place for comparable loans, giving consideration to the risk, term and security offered for the loan, and applies this rate to discount the loans based upon the expected repayment.

(ii) *Useful economic life of tangible fixed assets*

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the statement of comprehensive income.

The useful lives and residual values of tangible fixed assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Historically changes in useful lives and residual values have not resulted in material changes to the depreciation charge.

(iii) *Impairment of debtors (including intercompany receivables)*

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors which is net of associated impairment provision.

Key Sources of Estimation Uncertainty**(iv) *VAT***

Included within creditors due within one year is an amount of £90.3m relating to certain VAT positions (inclusive of potential penalties and interest) taken by the Company between 1 July 2012 and 31 December 2020. The full VAT amount provided within creditors is currently under appeal and the Directors remain confident of a successful outcome. The Directors have subsequently increased the provision in line with the VAT position taken by the Company.

1. Accounting Policies (continued)*(v) Uncertain tax positions and ongoing enquires relating to corporate taxes*

In February 2019, HMRC issued determinations under s444, CTA 2009 for the years 28 February 2013 to 31 December 2017 for amounts to be brought into account for specific tax purposes. The determinations relate to the treatment of imputed interest on certain current trading accounts.

The Directors have appealed the determinations and do not consider any material tax is due and therefore no liability exists. No provision has therefore been recognised in the Company financial statements for the amounts under determination.

2. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company. An analysis of turnover by geographical market is given below:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
United Kingdom	107,938	123,614
Rest of Europe	29,033	32,221
	<hr/>	<hr/>
	136,971	155,835
	<hr/>	<hr/>

3. Operating Profit

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
The operating profit is stated after charging/(crediting):		
Depreciation	2,005	2,923
Operating lease rentals – Property and Equipment	1,679	1,752
Auditor's remuneration		
- Audit of the Company financial statements	400	400
- Tax compliance	15	15
Foreign exchange differences	(1,548)	(1,271)
Other operating income	(1,277)	(1,551)

3. Operating Profit (continued)

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Staff Costs		
Wages and salaries	10,097	13,719
Social security costs	1,150	1,860
Other pension costs	94	87
	<u>11,341</u>	<u>15,666</u>

The average monthly number of employees was as follows:

	Year ended 31 December 2020 No.	Year ended 31 December 2019 No.
Administration	4	4
Development, marketing, sales and other	59	58
	<u>63</u>	<u>62</u>

The Company employed on average 63 employees, but has outsourced all its administrative and support services to other related parties. These transactions are disclosed in Note 19.

4. Directors' Emoluments

The Directors were paid the following amounts in relation to the qualifying services provided to Lycamobile UK Limited:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Directors' remuneration	<u>468</u>	<u>1,460</u>

The Director's remuneration during the year ended 31 December 2020 consisted of payments to the two Directors who were active during the financial period.

Remuneration for the key management personnel for services provided to Lycamobile UK Limited was as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Cost of services provided	<u>766</u>	<u>1,921</u>

4. Directors' Emoluments (continued)

Total remuneration paid to the highest paid director of Lyncamobile UK Limited was £372,000 (year ended 31 December 2019: £1,297,000). No amount was paid in terms of long-term incentive schemes or any pension contributions were made on behalf of the director. All Directors' emoluments are aggregate remuneration in respect of qualifying services.

5. Auditor's Remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Fees payable to the Company's auditor for the statutory audit of the financial statements	393	393
Fees payable to the Company's auditor and its associates for other services:		
- Tax compliance	13	13
- Accounts preparation	7	7
	<hr/> 413	<hr/> 413

6. Interest Payable and Receivable**Interest Payable and Similar Charges**

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Loan interest	-	116
Interest on finance lease	24	33
Other interest paid	72	-
Interest charged on underpaid VAT	1,634	-
	<hr/> 1,730	<hr/> 149

Interest Receivable and Similar Income

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Interest income on loans discounted	644	574
	<hr/> 644	<hr/> 574

7. Taxation

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Analysis of charge in period		
UK corporation tax	2,116	3,917
Adjustments in respect of prior periods	79	(381)
Deferred tax		
Origination/reversal of timing difference	228	84
Effect of tax rate on opening balance	(169)	-
Adjustments in respect of prior	(114)	130
	<hr/>	<hr/>
Tax on profit	2,140	3,750
	<hr/>	<hr/>

Factors Affecting the Current Tax Charge

The current tax charge is higher than the standard rate of corporation tax in the UK.

The differences are explained below.

Current Tax Reconciliation

Profit on ordinary activities before tax	7,424	21,991
	<hr/>	<hr/>
Current tax at 19% (year ended 31 December 2019: 19%)	1,411	4,178
<i>Effects of:</i>		
Expenses not deductible for tax purposes	934	871
Non-taxable income	-	(1,132)
Adjustment in respect of prior period	-	(381)
Adjustments to deferred tax	(35)	214
Unrecognised deferred tax	-	-
Tax rate change on deferred tax balance	(169)	-
	<hr/>	<hr/>
Total tax charge (see above)	2,140	3,750
	<hr/>	<hr/>

7. Taxation (continued)

Factors that may affect Future Current and Total Tax Charges

Legislation was passed on 18 November 2015 to reduce the UK corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. Subsequent legislation was passed on 15 September 2016 to further reduce this rate to 17% from 1 April 2020, however following the result of the General Election the rate of 19% was maintained. The effect of the reduction to 17% is reflected in the deferred tax balance.

If further legislation was passed such that the rate did not fall to 17% from 1 April 2020, an adjustment would be needed in future to take account of any substantively enacted rate at the time.

Deferred Tax

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Short term timing difference	3	3
Investment timing difference	(105)	(94)
Fixed asset timing differences	1,479	1,492
	<hr/>	<hr/>
Recognised deferred tax asset	1,378	1,401
	<hr/>	<hr/>
Movements in deferred tax assets was as follows:		
As at 1 January	1,401	1,615
Short term timing difference	(23)	(214)
Investment timing difference	-	-
	<hr/>	<hr/>
As at 31 December	1,378	1,401
	<hr/>	<hr/>

8. Tangible Fixed Assets

	Motor Vehicles £'000	Computer Equipment £'000	Furniture £'000	Total £'000
Cost				
At 1 January 2020	376	42,085	2,638	45,099
Additions	-	1,691	19	1,710
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2020	376	43,776	2,658	46,809
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2020	318	38,044	2,637	40,999
Charge for the year	35	1,966	4	2,005
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2020	353	40,010	2,641	43,004
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 December 2020	23	3,766	17	3,805
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	59	4,041	1	4,101
	<hr/>	<hr/>	<hr/>	<hr/>

Motor vehicles stated in the above tangible fixed assets include cars acquired on hire purchase agreements. As at 31 December 2020, the motor vehicles purchased on hire purchase arrangements had a net book value of £nil (31 December 2019 - £nil).

Computer equipment stated in the above tangible fixed assets includes equipment purchased on finance lease agreements. As at 31 December 2020, equipment purchased on finance lease arrangements had a net book value of £517,000 (31 December 2019 - £854,000). The depreciation charged in the year on leased equipment was £337,000 (2019: £802,000).

9. Investment Property

	£'000
Cost	
At 1 January 2020 and 31 December 2020	2,746
Revaluation	
At 1 January 2020	554
Fair value adjustment	-
At 31 December 2020	554
Net Book Value	
At 31 December 2020	3,300
At 31 December 2019	3,300

Investment property fair value is based on a valuation by an external, independent valuer, Cushman & Wakefield, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

The valuations by the external independent valuer, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. The independent valuer applied a yield of 6.75% to value the investment property.

This resulted in the property having a fair market value at 31 December 2020 of £3,300,000 (31 December 2019: £3,300,000).

10. Debtors

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Amounts falling due within one year:		
Trade debtors (net of provisions)	2,801	3,433
Employee receivables	696	621
Deferred tax (see note 7)	1,378	1,401
Accrued income	553	254
Supplier advances and deposits	118	113
Amounts due from related parties (see note 19)	159,676	152,985
Prepayments	1,344	621
Other debtors	999	714
	<hr/>	<hr/>
	167,565	160,143
Amounts falling due after more than one year:		
Other debtors	6,636	5,875
Loans to Directors and parties associated to Directors	10,592	8,404
	<hr/>	<hr/>
Aggregate amounts	184,793	174,422
	<hr/> <hr/>	<hr/> <hr/>

The balances in other debtors due after more than one year represent deposits on telecommunications services which are not refundable until the contract term expires, which in this case is greater than one year.

Loans to Directors and Parties Associated to Directors

Loans to parties listed below represent transactions that had initially been provided at a rate that is less than market value and have been discounted back at a commercial rate over the expected term of the loan. Transactions that fall under this category are as follows:

Party	Loan issue date	Loan amount £'000	Loan Term	Interest rate as per agreement	Commercial interest rate applied	Fair value of loan as at 31 December 2020 £'000	Fair value of loan as at 31 December 2019 £'000
A. Subaskaran	22/04/13	715	5 years	0%	8%	715	715
	2020	2,340	5 years		8%	1,655	-
Lereka Investments Limited	28/04/15	800	25 years	0%	15%	-	47
	17/09/18	800	25 years	0%	15%	-	29
P. Subaskaran	01/03/16	8,325	5 years	0%	8%	8,222	7,613

10. Debtors (continued)

No repayments were made against any loan during the year. All loans are repayable at the expiry of the loan term.

11. Creditors: amounts falling due within one year

	31 December 2020 £'000	31 December 2019 £'000
Other loans (see note 14)	50	288
Hire purchase contract and finance leases (see note 15)	262	344
Advances from customers	9,148	9,785
Corporation tax	3,266	3,937
VAT payable	68,441	57,272
Trade creditors	7,419	15,871
Social security and other taxes	1,840	1,563
Accrued expenses	33,939	32,352
Amounts due to related parties (see note 19)	12,531	10,662
Accruals and deferred income	9,890	10,191
	<hr/> 146,786	<hr/> 142,265

12. Creditors: amounts falling due after more than one year

	31 December 2020 £'000	31 December 2019 £'000
Hire purchase and finance leases (see note 15)	100	362
	<hr/> 100	<hr/> 362

Long term loans to related parties were initially provided at a rate that is less than market value and have been discounted back at a commercial rate over the term of the loan. The difference between the fair value of the loan and the original loan value at the transition date has been recorded as a capital contribution within equity (see note 19 for details).

13. Financial Instruments

(a) *Carrying Amount of Financial Instruments*

The carrying amounts of the financial assets and liabilities include:

	31 December 2020 £000	31 December 2019 £000
Assets measured at fair value through profit or loss	-	-
Assets measured at amortised cost	181,517	172,147
Liabilities measured at fair value through profit or loss	-	-
Liabilities measured at amortised cost	(63,449)	(79,857)
	<u> </u>	<u> </u>

14. Other Loans

	31 December 2020 £'000	31 December 2019 £'000
Amounts falling due within one year or on demand:		
Loans	50	288
	<u> </u>	<u> </u>
	50	288
	<u> </u>	<u> </u>

15. Obligations under Hire Purchase Contracts and Finance Leases

	31 December 2020 £'000	31 December 2019 £'000
Amount Due under Finance Leases and Hire Purchase Contracts:		
Amount payable:		
Within one year	272	368
Between two and five years	102	374
	<u> </u>	<u> </u>
	374	742
Less finance charges allocated to the future periods	(12)	(36)
	<u> </u>	<u> </u>
	362	706
	<u> </u>	<u> </u>

15. Obligations under Hire Purchase Contracts and Finance Leases (continued)**Present Value of Minimum Lease Payments**

	31 December 2020 £'000	31 December 2019 £'000
Expiring within one year	262	332
Expiring between two and five years	100	374
	<hr/> 362	<hr/> 706
	<hr/>	<hr/>

The future minimum lease payments under non-cancellable operating leases are as follows:

Expiring within one year	1,678	1,678
Between two and five years	2,293	3,869
Between six and ten years	-	-
	<hr/> 3,971	<hr/> 5,547
	<hr/>	<hr/>

The hire purchase and finance lease liabilities are secured against the corresponding assets.

During the year £1,720,000 (year ended 31 December 2019: £1,752,000) was recognised as an expense in profit or loss in respect of operating lease rentals.

16. Operating lease income receivable

The future minimum lease income receivable under non-cancellable operating leases are as follows:

	31 December 2020 £'000	31 December 2019 £'000
Expiring within one year	23	90
Between two and five years	-	23
	<hr/> 23	<hr/> 113
	<hr/>	<hr/>

During the year £90,000 (year ended 31 December 2019: £90,000) was recognised as income in profit or loss in respect of operating lease rentals.

17. Pension commitments

The Company makes contributions to defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £94,000 (31 December 2019: £87,000). Contributions amounting to £22,000 (31 December 2019: £18,000) were payable at the reporting date.

18. Called-Up Share Capital

	31 December 2020 £	31 December 2019 £
Allotted, Called-Up and Fully Paid		
200 Ordinary shares of £1	200	200
	<hr/>	<hr/>

19. Related Party Disclosures

The Company's individual shareholders have similar interests in a range of related companies. As these companies are under common control, transactions between Lycamobile UK Ltd and these companies are related party transactions. These are set out below:

Lycatel Ireland Limited, Lycatel Services Limited, Switchware Limited, Lycatel GMBH, Lyca Media II Limited and Lycatelcom Lda are wholly owned subsidiaries of WWW Holding Company Limited in which Mr A Subaskaran owns 97.8% of the issued share capital. Lycamobile SRL is wholly own subsidiary of Lycatelcom Lda.

Mrs P Subaskaran is an ultimate beneficiary of Samra Trust incorporated in Jersey which owns Salinasco Holdings Limited incorporated in Cyprus. Salinasco Holdings Limited owns 98% issued share capital of, Lycamobile Netherlands Limited, Lycamobile USA Inc, Lycamobile Switzerland Limited, Lycamobile Belgium Limited, Lycamobile Norway Limited, Lycamobile Norway Nuf, Lycamobile Denmark Limited, Lycamobile Ireland Ltd, Lycamobile Denmark Aps, Lycamobile AG, Lycamobile SP Zoo, Lycamobile SRL (Romania), Lycamobile Hong Kong Ltd (under administration), Ly, Lycamobile Limited which in turn owns Lycamobile Sweden Limited (UK). Lycamobile Sweden AB is wholly owned subsidiary of Lycamobile Sweden (UK) Limited.

Mr A Subaskaran owns 98.5% of the issued share capital of Lycatel Distribution UK Limited, Lycamoney Limited, Lyca Home Ltd, Docklands Data Centre Ltd, Lyca Health Limited and Thames Quay Properties Holdings Limited, which in turn owns 100% of the share capital of Thames Quay Properties II Ltd and Thames Quay Properties III Ltd. Mr A Subaskaran also owns 97.5% of the issued share capital of Lycamobile Distribution Limited.

Mr A Subaskaran owns 98% of the issued share capital of Lycamobile SARL, Lyca Media Limited, Lycamobile Europe Limited, Lycamobile Distribution Austria Ltd, Lycamobile Portugal Lda, Lycamobile Pty Limited and LM Holdco Limited. Lycamobile DOOEL Skopje (Lycamobile Macedonia), Lycamobile LLC Skopje, Lycamobile South Africa Pty Ltd, Lycamobile India Private Limited and Tunisa Services SARL are wholly owned subsidiaries of LM Holdco Limited in which Mr A Subaskaran owns 98% of the issued share capital.

Mr A Subaskaran is ultimate beneficiary of Albena and Ceuta Trust incorporated in Cyprus which owns Agadirco Holdings Limited (incorporated in Cyprus) and Catalinaco Holdings Limited (incorporated in Cyprus). Agadirco Holdings Limited owns 49.25% issued share capital of Pettigo Comércio Internacional Lda (a company registered in Portugal- formerly known as Hastings Trading E Serviços Lda) and Catalinaco Holdings Limited owns 49.25% issued share capital of Pettigo Comércio Internacional Lda. Pettigo Comércio Internacional Lda.owns 100% of issued share capital of U can Fly Limited, LBOS Morocco Sarl au, Lycamobile SL (Disposed on 12th June 2020), Lycamobile SPRL and Onestopsim Lda. Pettigo Comércio Internacional, Lda also owns 63.05% of the issued share capital of Lycatel BPO Pvt Ltd (a company registered in India) and 63.05% of the issued share capital of Lyca Digital Pvt Ltd (a company registered in India).

Also, Pettigo Comércio Internacional, Lda owns 100% issued share capital of Proton Global Investments Limited (a company registered in Dubai) which holds 60% of ordinary share capital of Plintron Holding Pte Limited (a company registered in Singapore) which in turns owns Plintron Mobility Solutions Pvt Ltd (a company registered in India, formerly known as Plintron Global Technologies Pvt Ltd) and Plintron Europe Limited. Mr M Sundaram and Ms S Radhakrishnan equally owns 40% of ordinary share capital of Plintron Holdings Pte Limited and 100% of ordinary share capital of Plintron Management & Technology Services FZCO.

19. Related Party Disclosures (continued)

Mr M Sundaram owns 51% of Lyca Telecom Pvt Ltd (a company registered in India). Gnanam Properties Limited is owned by Mr and Mrs Subaskaran. Two Directors of Switchware Limited and Lycatel Property Services Limited jointly own Anglo Indian Beverages Limited.

Mr A Subaskaran also owns 61% of the issued share capital of Lycatech Services Pvt Limited (Formerly known as Plintron Technologies Pvt Limited, a company registered in India).

Mr A Subaskaran also has an interest in, Lareka Investments Limited, Universal Marketing Services SUARL, Lyca Chat UK Limited, Nexus Cab Company Limited and Gnanam Foundation (of which Mr A Subaskaran is on the board of trustees). During the year, the Company made a donation of £442,000 (2019: 468,197) to Gnanam Foundation.

Mr A Subaskaran also owns 61% of the issued share capital of Lycatech Services Pvt Limited (Formerly known as Plintron Technologies Pvt Limited, a company registered in India).

The Director of Lycatel Property Services Limited owns Excellent Entertainment Limited

During the period the Company purchased airtime from Lycatelcom Lda for its termination of international minutes. In addition, management fees were received for its administrative support and IT support service fees were charged for its office networking by Lycatelcom Lda. Outsourced support service fees were charged by Lycatel BPO Pvt Ltd for its back-office function. Network operational support service fees were charged by Plintron Mobility Solutions Pvt Ltd and Plintron Management & Technology Services FZCO for managing its telecom switches and network. Switching maintenance support service fees were charged by Lycatech Services Pvt Ltd, advertisement fees were charged by Excellent Entertainment Limited, marketing support service fees were charged by Lycatel Distribution UK Limited for its outdoor branding of products, Digital marketing fees were charged by Lyca Digital Pvt, marketing fees were charged by Lycamedia II Ltd and Lyca Media Limited, space rental was charged by Docklands Data Centre Ltd for its telecom equipment location, travel management fees were charged by U Can Fly Ltd for its business related travel by employees, rent was charged by Gnanam Properties Limited, printing & marketing materials were provided by Lycatel Services Limited and annual rent was charged by Thames Quay Properties II Ltd for its office space.

The Company also purchased airtime from Lycamobile SRL (Prior year) and Tunisia Services SARL.

During the period the Company made telecom equipment & network provider support services and termination of airtime to Lycatelcom Lda. During the prior year, termination of airtime revenue was also generated from Lycamobile Pty Limited, Lycamobile Belgium Ltd, Lycamobile Norway Ltd (NUF), Lycamobile Switzerland Ltd, Lycamobile SRL, Lycamobile SL, Lycamobile SP Zoo, Lycamobile LLC Skopje, Lycamobile Ireland Limited, Lycamobile USA Inc, Lycamobile Sarl, Lycamobile Limited Lycamobile SRL (Romania) and Lycamobile Europe Limited.

During the year, the Company made a donation to Gnanam Foundation and sale of sim cards to Onestopsim LDA.

The Company granted loans to Mr. A Subaskaran and to parties associated to Mr. A Subaskaran. The terms of the loans and the balances are disclosed in note 10.

During the period the Company outsourced all of the administrative and support services to Lycatelcom Lda, a company with common directors and shareholders.

During the year the Company exchanged funds with various entities, which are summarised below. Lycamobile UK Limited ("LM UK" or "the Company") is part of the Company controlled by Mr A Subaskaran. Mr A Subaskaran owns 98% of LM UK's share capital and controls numerous other entities with which LM UK trades, buys services or exchanges funds ("the Company").

As a part of its year-end procedures, the Company performed an assessment of the recoverability of the amounts due from its Company companies. An intercompany and related party receivable is assessed at

YEAR ENDED 31 DECEMBER 2020

the reporting date to determine whether there is objective evidence that it is impaired. Intercompany and related party receivable assets are impaired if there is objective evidence indicates that a loss event has occurred after the initial recognition of the assets. As a result of the assessment of recoverability of intercompany balances, £5,561,723 of prior year impairment losses were reversed against intercompany receivables during the prior year, details of which are shown in the following table.

All of the above transactions were made at an arm's length.

A summary of the transactions with the related parties during the current and prior period is below:

	Year	Category	Amounts due from/ (owed to) related parties b/f £'000	Purchases from related parties in the period £'000	Balances Impaired the period £'000	Sales to related parties in the period £'000	Cash loaned/ (borrowed) in the period £'000	Foreign Currency Revaluation £'000	FRS102 Adjustments £'000	Amounts due from/ (owed to) related parties c/f £'000
Entities with control, joint control or significant influence over the entity	Dec-20	A	138,457	(59,378)	-	38,753	25,705	1,200	-	144,737
	Dec-19	A	95,633	(67,613)	5,608	32,214	71,498	1,117	-	138,457
Entities over which the entity has control, joint control or significant influence	Dec-20	B	-	-	-	-	-	-	-	-
	Dec-19	B	-	-	-	-	-	-	-	-
Key management personnel of the entity or its parent	Dec-20	C	8,328	-	-	-	2,340	-	(76)	10,592
	Dec-19	C	8,022	-	-	-	(258)	-	564	8,328
Other related parties	Dec-20	D	3,942	(5,559)	-	-	2,206	293	1,524	2,406
	Dec-19	D	3,148	(606)	(46)	-	1,365	71	10	3,942
Total	Dec-20		150,727	(64,937)	-	38,753	30,251	1,494	1,448	157,737
Total	Dec-19		106,803	(68,219)	5,562	32,214	72,606	1,188	574	150,727

The transactions entered into and balances outstanding on an entity by entity basis are summarised below:

LYCAMOBILE UK LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**
19. Related Party Disclosures (continued)

Company	Year	Category	Amounts due from/(owed to) related parties £'000	Purchase from related parties in the year £'000	Balances Impaired £'000	Sales to related parties in the year £'000	Cash loaned/(borrowed) in the year £'000	Foreign Currency Revaluation £'000	Fairvalue Adjustment	Amounts due from/(owed to) related parties £'000
Lycatelcom Lda	Dec-20	A	101,918	(41,874)	-	38,749	29,216	(224)	-	127,785
Lycatelcom Lda	Dec-19	A	66,901	(48,200)	-	31,254	51,900	901	-	102,756
Lycatel Distribution UK Ltd.	Dec-20	A	4,776	(3,604)	-	-	12,519	(67)	-	13,624
Lycatel Distribution UK Ltd.	Dec-19	A	5,943	(4,586)	-	-	3,418	1	-	4,776
Lycatel Services Ltd.	Dec-20	A	2,826	(46)	-	-	(3,073)	(63)	-	(356)
Lycatel Services Ltd.	Dec-19	A	3,666	(68)	-	3	(825)	50	-	2,826
Switchware Ltd.	Dec-20	A	-	-	-	-	-	-	-	-
Switchware Ltd.	Dec-19	A	-	-	-	-	-	-	-	-
Plintron Mobility Solutions Pvt Ltd.	Dec-20	A	7,254	(2,945)	-	-	225	-	-	4,534
Plintron Mobility Solutions Pvt Ltd.	Dec-19	A	3,049	(2,052)	-	-	6,256	-	-	7,254
U Can Fly	Dec-20	A	(2,345)	(1,800)	-	-	2,019	9	-	(2,117)
U Can Fly	Dec-19	A	(2,172)	(2,803)	-	-	2,641	(11)	-	(2,345)
Lycamobile Pty Ltd	Dec-20	A	(35)	-	-	-	(177)	211	-	-
Lycamobile Pty Ltd	Dec-19	A	(76)	-	-	1	25	4	-	(35)
Company	Year	Category	Amounts due from/(owed to) related parties	Purchase from related parties in the year	Balances Impaired	Sales to related parties in the year	Cash loaned/(borrowed) in the year	Foreign Currency Revaluation	Fairvalue Adjustment	Amounts due from/(owed to) related parties
Lycatech Services Pvt Ltd.	Dec-20	A	(816)	(1,719)	-	-	2,111	-	-	(425)
Lycatech Services Pvt Ltd.	Dec-19	A	(873)	(2,092)	-	-	2,149	-	-	(816)
Lycamobile Ireland Ltd	Dec-20	A	16	-	-	-	(16)	-	-	-
Lycamobile Ireland Ltd	Dec-19	A	12	-	-	4	-	(1)	-	16
Thames Quay Property II Ltd	Dec-20	A	(2,038)	(3,007)	-	-	2,752	-	-	(2,293)
Thames Quay Property II Ltd	Dec-19	A	(1,121)	(2,007)	-	-	1,089	-	-	(2,038)
Lycamobile AG	Dec-20	A	-	-	-	-	-	-	-	-
Lycamobile AG	Dec-19	A	(94)	-	-	-	94	-	-	-
Lycatel Property Management Services Ltd.	Dec-20	A	-	-	-	-	-	-	-	-
Lycatel Property Management Services Ltd.	Dec-19	A	-	-	-	-	-	-	-	-
Asia Media Global Ltd	Dec-20	D	-	-	-	-	-	-	-	-
Asia Media Global Ltd	Dec-19	D	-	-	-	-	-	-	-	-
Anglo Indian Beverages Ltd.	Dec-20	D	223	-	-	-	-223	-	-	-
Anglo Indian Beverages Ltd.	Dec-19	D	-	-	223	-	-	-	-	223
Lycatel Ireland Distribution Ltd.	Dec-20	A	-	-	-	-	-	-	-	-
Lycatel Ireland Distribution Ltd.	Dec-19	A	-	-	-	-	-	-	-	-
Onestopsim, Lda.	Dec-20	A	68	-	-	4	(74)	-	-	(3)

Onestopsim, Lda.	Dec-19	A	-	-	69	(1)	-	-	-	68
Lycatel Property Services Ltd.	Dec-20	A	-	-	-	-	-	-	-	-
Lycatel Property Services Ltd.	Dec-19	A	-	-	-	-	-	-	-	-
Hastings Trading E Serviços Lda	Dec-20	D	31	-	-	-	(31)	(1)	-	(1)
Hastings Trading E Serviços Lda	Dec-19	D	(51)	-	32	-	50	-	-	31
Lycamobile Distribution Austria Ltd	Dec-20	A	70	-	-	-	(70)	-	-	-
Lycamobile Distribution Austria Ltd	Dec-19	A	-	-	70	-	-	-	-	70
Lycamobile Sweden Ltd - Ire	Dec-20	A	-	-	-	-	-	-	-	-
Lycamobile Sweden Ltd- IRE	Dec-19	A	-	-	-	-	-	-	-	-
Lycamobile Norway Nuf	Dec-20	A	17	-	-	-	(19)	1	-	-
Lycamobile Norway Nuf	Dec-19	A	15	-	-	2	-	-	-	17
Lbos Morocco Sarl Au	Dec-20	A	191	-	-	-	(164)	(27)	-	-
Lbos Morocco Sarl Au	Dec-19	A	-	-	197	-	-	(6)	-	191
Gnanam Properties Ltd	Dec-20	A	10	(32)	-	-	35	-	-	13
Gnanam Properties Ltd	Dec-19	A	-	(23)	5	-	28	-	-	10
Lycamobile Distribution Ltd.	Dec-20	A	-	-	70	-	-	-	-	70
Lycamobile Distribution Ltd.	Dec-19	A	(36)	-	-	-	-	-	-	(36)

Company	Year	Category	Amounts due from/(owed to) related parties	Purchase from related parties in the year	Balances Impaired	Sales to related parties in the year	Cash loaned /(borrowed) in the year	Foreign Currency Revaluation	Fairvalue Adjustment	Amounts due from/(owed to) related parties
Lycamoney Ltd	Dec-20	A	136	-	-	-	-	(136)	-	-
Lycamoney Ltd	Dec-19	A	-	-	132	-	4	-	-	136
Lycatel GmbH	Dec-20	A	211	-	-	-	(211)	-	-	-
Lycatel GmbH	Dec-19	A	-	-	211	-	-	-	-	211
Lycamobile Europe Ltd	Dec-20	A	343	-	-	-	(361)	21	0	2
Lycamobile Europe Ltd.	Dec-19	A	288	-	-	43	8	4	-	343
Lycamobile Sweden AB	Dec-20	A	-	-	-	-	-	-	-	-
Lycamobile Sweden AB	Dec-19	A	-	-	-	-	-	-	-	-
Lycamobile Denmark Aps	Dec-20	A	-	-	-	-	-	-	-	-
Lycamobile Denmark Aps	Dec-19	A	(369)	-	369	-	-	-	-	-
Lycatel Bpo Pvt Ltd	Dec-20	A	1,423	(812)	-	-	1,981	-	-	2,593
Lycatel BPO Pvy Ltd	Dec-19	A	398	(1,833)	-	-	2,020	-	-	585
Lycamobile Usa Inc	Dec-20	A	(367)	-	-	-	271	(4)	-	-
Lycamobile Usa Inc	Dec-19	A	(394)	-	-	-	29	(3)	-	(367)
Lycamobile Portugal Lda	Dec-20	A	(196)	-	-	-	180	17	0	1
Lycamobile Portugal Lda	Dec-19	A	1	-	729	-	(931)	5	-	(196)
Lycamobile Sp. z o.o.	Dec-20	A	1,777	-	-	-	(1,775)	(2)	-	-
Lycamobile Sp. z o.o.	Dec-19	A	-	-	1,776	2	-	(1)	-	1,777
Lycamobile Norway Ltd	Dec-20	A	(188)	-	-	-	202	(14)	-	-
Lycamobile Norway Ltd	Dec-19	A	(190)	-	-	-	-	2	-	(188)
Lycatel Business Outsourcing Solution P Ltd	Dec-20	A	-	-	-	-	-	-	-	-

Lycatel Business Outsourcing Solution P Ltd	Dec-19	A	-	-	-	-	-	-	-	-
Lycamobile Denmark Ltd	Dec-20	A	10	-	-	-	-	(10)	-	-
Lycamobile Denmark Ltd	Dec-19	A	19	-	-	-	-	(9)	-	10
Lycamobile Netherlands Ltd.	Dec-20	A	-	-	-	-	-	-	-	-
Lycamobile Netherlands Ltd.	Dec-19	A	-	-	-	-	-	-	-	-
Lycamobile Switzerland Ltd	Dec-20	A	(52)	-	-	-	50	3	-	-
Lycamobile Switzerland Ltd	Dec-19	A	36	-	-	4	(94)	1	-	(52)
Lycamobile Sweden Limited	Dec-20	A	(161)	-	-	-	173	(12)	-	-
Lycamobile Sweden Limited	Dec-19	A	(159)	-	-	-	-	(2)	-	(161)
Lycamobile Belgium Ltd	Dec-20	A	218	-	-	-	(231)	12	-	-
Lycamobile Belgium Ltd.	Dec-19	A	183	-	-	33	-	2	-	218
Lycamobile Srl	Dec-20	A	3,079	-	-	-	(3,371)	292	-	-
Lycamobile Srl	Dec-19	A	2,572	-	230	222	-	54	-	3,079
Lyca Media II Ltd.	Dec-20	A	1,513	(242)	-	-	(1,352)	2	-	(79)
Lyca Media II Ltd.	Dec-19	A	-	(145)	1,658	-	-	-	-	1,513

Company	Year	Category	Amounts due from/(owed to) related parties	Purchase from related parties in the year	Balances Impaired	Sales to related parties in the year	Cash loaned /(borrowed) in the year	Foreign Currency Revaluation	Fairvalue Adjustment	Amounts due from/(owed to) related parties
Lycamobile Srl	Dec-20	A	1,952	-	-	-	(1,943)	-	-	10
Lycamobile Srl	Dec-19	A	1,268	-	-	667	8	10	-	1,952
Lycamobile Germany GmbH	Dec-20	A	-	-	-	-	-	-	-	-
Lycamobile Germany GmbH	Dec-19	A	-	-	-	-	-	-	-	-
Lycamobile Ltd.	Dec-20	A	1,668	-	-	-	(1,668)	-	-	-
Lycamobile Ltd.	Dec-19	A	746	92	-	-	830	-	-	1,668
Lycamobile SI	Dec-20	A	(8)	-	-	-	8	-	-	-
Lycamobile SI	Dec-19	A	12	(130)	-	(20)	129	-	-	(8)
Docklands Data Centre Ltd.	Dec-20	A	574	(554)	-	-	6,638	(1)	-	6,658
Docklands Data Centre Ltd.	Dec-19	A	(391)	(508)	-	-	1,475	(1)	-	574
WWW Holding Company Ltd.	Dec-20	A	18,459	-	-	-	(19,672)	1,213	-	-
WWW Holding Company Ltd.	Dec-19	A	18,110	-	-	-	-	349	-	18,459
Lycatel Ireland Ltd.	Dec-20	A	196	-	-	-	777	4	-	976
Lycatel Ireland Ltd.	Dec-19	A	(525)	-	-	-	745	(24)	-	196
Universal Marketing Services SUARL	Dec-20	D	3,150	-	-	-	231	29	-	3,409
Universal Marketing Services SUARL	Dec-19	D	2,881	-	-	-	197	72	-	3,150
Lycamobile SRL (ROMANIA)	Dec-20	A	(71)	-	-	-	81	(10)	-	-
Lycamobile SRL (ROMANIA)	Dec-19	A	(26)	(59)	-	1	-	13	-	(71)
Plintron Europe Ltd	Dec-20	D	2	-	-	-	-	9	-	11
Plintron Europe Ltd	Dec-19	D	-	-	99	-	(95)	(1)	-	2

Lyca Digital Private Limited	Dec-20	A	(1,631)	(1,508)	-	-	733	-	-	(2,406)
Lyca Digital Private Limited	Dec-19	A	(681)	(1,440)	-	-	490	-	-	(1,631)
LYCAMOBILE AUSTRIA LTD.	Dec-20	A	-	-	-	-	-	-	-	-
Lycamobile Austria Ltd	Dec-19	A	-	-	-	-	-	-	-	-
Excellent Entertainment Ltd.	Dec-20	D	(220)	(46)	-	-	267	(1)	-	0
Excellent Entertainment Ltd.	Dec-19	D	(148)	(72)	-	-	-	-	-	(220)
Lycamobile Hong Kong Ltd.	Dec-20	A	2	-	-	-	-	(2)	-	-
Lycamobile Hong Kong Ltd.	Dec-19	A	-	-	2	-	-	-	-	2
Lycatel Canada Inc.	Dec-20	A	-	-	-	-	-	-	-	-
Lycatel Canada Inc.	Dec-19	A	-	-	-	-	-	-	-	-
Lyca Home Ltd.	Dec-20	A	-	-	-	-	-	-	-	-
Lyca Home Ltd	Dec-19	A	-	-	-	-	-	-	-	-
Lyca Chat UK Ltd	Dec-20	A	-	-	-	-	-	-	-	-
Lyca Chat UK Ltd	Dec-19	A	(9)	-	-	-	9	-	-	-

Company	Year	Category	Amounts due from/(owed to) related parties	Purchase from related parties in the year	Balances Impaired	Sales to related parties in the year	Cash loaned /(borrowed) in the year	Foreign Currency Revaluation	Fairvalue Adjustment	Amounts due from/(owed to) related parties
Tunisia Services SARL	Dec-20	A	(2,449)	(1,216)	-	-	21	(7)	0	(3,651)
Tunisia Services SARL	Dec-19	A	(517)	(1,759)	-	-	63	(236)	-	2,449
LYCAMOBILE LLC Skopje	Dec-20	A	(34)	-	-	-	(127)	(9)	-	(170)
LYCAMOBILE LLC Skopje	Dec-19	A	5	-	-	-	(39)	(1)	-	(34)
Lycamobile South Africa (Pty) Ltd.	Dec-20	A	-	-	-	-	-	-	-	-
Lycamobile South Africa (Pty) Ltd	Dec-19	A	-	-	-	-	-	-	-	-
LM Holdco Ltd	Dec-20	A	(15)	-	-	-	3	12	-	-
LM Holdco Ltd	Dec-19	A	40	-	-	-	(56)	1	-	(15)
A Subaskaran	Dec-20	C	8,328	-	-	-	2,340	-	(76)	10,592
A Subaskaran	Dec-19	C	8,022	-	-	-	(258)	-	564	8,328
Asian Superstore Ltd	Dec-20	D	-	-	-	-	-	-	-	-
Asian Superstore Ltd	Dec-19	D	400	-	(400)	-	-	-	-	-
Lareka Investments Ltd	Dec-20	D	76	-	-	-	(1,600)	-	1,524	-
Lareka Investments Ltd	Dec-19	D	66	-	-	-	-	-	10	76
Lyca Health Ltd	Dec-20	A	150	-	-	-	(150)	-	-	-
Lyca Health Ltd	Dec-19	A	-	-	150	-	-	-	-	150
Nexus Cab Company Limited	Dec-20	A	10	-	-	-	-	(10)	-	-
Nexus Cab Company Limited	Dec-19	A	-	-	10	-	-	-	-	10
Lycamobile India Pvt Ltd	Dec-20	A	32	-	-	-	29	-	-	61
Lycamobile India Pvt Ltd	Dec-19	A	-	-	-	-	33	(1)	-	32
Lyca Media Ltd	Dec-20	A	-	(19)	-	-	-	-	-	(19)
Lyca Media Ltd	Dec-19	A	-	-	-	-	-	-	-	-
Plintron Management & Technology Services PZCO	Dec-20	D	680	(5,513)	-	-	3,563	258	-	(1,012)

Plintron Management & Technology Services PZCO	Dec- 19	D	-	(534)	-	-	1,214	-	-	680
Total	Dec- 20		150,727	(64,937)	-	38,753	30,251	1,494	1,448	157,737
Total	Dec- 19		106,803	(68,219)	5,562	32,214	72,606	1,188	574	150,727

19. Related Party Disclosures (continued)

The above transactions result in the following balances due to/from related parties.

	31 December 2020 £'000	31 December 2019 £'000
Debtors		
Amounts falling due within one year	159,676	152,986
	<u> </u>	<u> </u>
Amounts falling due after more than one year	10,592	8,404
	<u> </u>	<u> </u>
Creditors		
Amounts falling due within one year	12,531	10,663
	<u> </u>	<u> </u>
Amounts falling due after more than one year	-	-
	<u> </u>	<u> </u>

20. Events after the Reporting Period

In March 2020, the World Health Organization declared the recent outbreak of a novel strain of coronavirus (COVID-19) to be a global pandemic. In response to the COVID-19 pandemic, emergency measures have been imposed by governments worldwide, including travel restrictions, restrictions on social activity and the shutdown of non-essential businesses.

These measures have adversely impacted the global economy, disrupted global supply chains, and created significant volatility and disruption of financial markets. While it is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, an extended period of global economic disruption could have a material adverse impact on our business, financial condition and results of operations in future periods.

21. Contingent liabilities

The Company has not recognised a liability for imputed interest on certain current trading accounts, as explained in note 1.18 (iv) (v). The Directors do not consider a material liability exists and it is not probable the Company will be required to settle a liability. Furthermore, as the Company is in an early stage of appealing the determinations, it is not possible to reliably estimate the liability should the appeal be unsuccessful. No provision has therefore been recognised in the Company financial statements for any potential amounts under determination.

22. Net debt analysis

	1 Jan 2020 £'000	Cash flows £'000	Fair value exchange £'000	Total £'000
Cash at bank	1,060	274	-	1,334
<u>Finance Lease</u>				
Within one year	(368)	96	-	(272)
Between two and five years	(374)	272	-	(102)
	<u>318</u>	<u>642</u>	<u>-</u>	<u>960</u>

23. Ultimate Parent Company and Controlling Party

Mr A Subaskaran owns 98% of the Company's issued share capital.