

Aston Bidco Limited

Report and Financial Statements

31 March 2018

Registered No. 09091934

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COMPANIES HOUSE

Directors

C Nellemann

N Conaghan

Secretary

P Koullas

Auditor

Ernst & Young LLP

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Registered No. 09091934

Strategic report

The Directors present their Strategic Report for the year ended 31 March 2018.

Principal activity

The Company's principal activity during the year was that of an intermediate holding company in the Aston (XLN) Topco Limited group ("the Group") which is engaged in the provision of telecommunication, broadband, mobile, credit card processing and energy services to the SME market in the United Kingdom. The Company also holds and manages the Group's secured debt, as detailed in note 13.

Business review

The loss for the year after taxation amounted to £9,746,100 (2017: loss of £9,373,778). The Company operated as a holding company during the year and incurred an interest expense on the secured loan outstanding in the year. The main driver of the reduction in the interest charge is the repayment of £776,389 of secured debt on 10 August 2017 and a repayment of £1,800,000 of secured debt on 30 September 2017.

The Company's key performance indicators are as follows:

	2018	2017	Change
Interest payable and similar charges (£)	(10,260,968)	(10,390,952)	(1.3%)
Year-end secured debt nominal amount balance (£)	106,923,611	109,500,000	(2.4%)

The Company considers interest payable and other similar charges and secured debt balances as key performance indicators and reviews them on a monthly basis in order to determine appropriate debt reduction strategies.

Principal risks and uncertainties

As a parent undertaking the principal risk relates to reliance on its profitable subsidiaries and on the recoverability of the carrying value of its investments. The subsidiaries manage this risk by providing a strong core product together with a range of value added services to its customers and by providing excellent customer service.

The primary business risks currently facing the Company's subsidiaries are:

- Changes to the regulatory environment
- Reduction in the use of fixed line telephone services as a result of changes in technology
- Competitive risks

The Directors believe that these factors are unlikely to have a material adverse effect on the Company's subsidiaries for the foreseeable future.

Strategic report (continued)

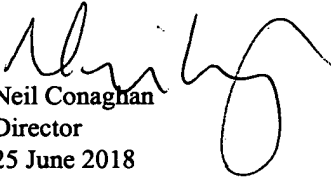
Financial risk management

The main financial risk arising from the Company's activities is cash flow risk.

Cash flow risk

Interest-bearing liabilities are reviewed regularly to assess the impact of interest rate fluctuations on cash flow and the need to hedge.

On behalf of the Board


Neil Conaghan
Director
25 June 2018

Directors' report

The Directors present their Report and Financial Statements for the year ended 31 March 2018.

Dividends

The Directors do not recommend a final dividend for the year (2017: £nil).

Going concern

As a parent undertaking, in considering going concern, the Directors have considered the business activities and financial resources of its trading subsidiaries. Together the subsidiaries have positive EBITDA, have significant assets and are cash generative and as such dividends are expected in the future.

Although the Company does have substantial secured loan liabilities and negative equity, the loan is not repayable until September 2021. The Company is dependent on continuing finance being made available by the group companies to enable it to continue operating and to meet its debts as they fall due. The Company will be able to settle loan interest through cash generated by the subsidiaries from trading. Interest will be paid through the repayment of intercompany debt. The Company will consider refinancing the secured debt in due course.

Given the above, the Company is considered to have adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern principle has been adopted in preparing the financial statements.

Future developments

The Directors expect the business to continue to be a holding company in the future and do not anticipate any strategic change.

Directors

The Directors who served the Company during the year were as follows:

C Nellemann

N Conaghan

Financial risk management

Details are provided in the Strategic Report on page 3 of these financial statements.

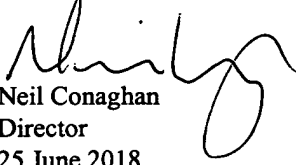
Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the next Board Meeting.

On behalf of the Board


Neil Conaghan
Director
25 June 2018

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 those 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Independent auditor's report

to the members of Aston Bidco Limited

Opinion

We have audited the financial statements of Aston Bidco Limited for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 16, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report (continued)

to the members of Aston Bidco Limited

Other information (continued)

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 the 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 Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report (continued)

to the members of Aston Bidco Limited

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorresponsibilities>. 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.



Neil Cullum (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

25 June 2018

Statement of comprehensive income

for the year ended 31 March 2018

		2018	2017
	Notes	£	£
Administrative expenses		<u>(473,481)</u>	<u>(479,422)</u>
Operating loss	3	(473,481)	(479,422)
Interest receivable and similar income	6	974	-
Interest payable and similar charges	7	<u>(10,260,968)</u>	<u>(10,390,952)</u>
Loss on ordinary activities before taxation		(10,733,475)	(10,870,374)
Tax credit	8	<u>987,375</u>	<u>1,496,596</u>
Loss for the year being total comprehensive loss for the year		<u><u>(9,746,100)</u></u>	<u><u>(9,373,778)</u></u>

All amounts relate to continuing activities.

Statement of changes in equity

for the year ended 31 March 2018

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total equity</i>
	£	£	£
At 1 April 2016	100	(15,966,584)	(15,966,484)
Total comprehensive loss for the year	-	(9,373,778)	(9,373,778)
At 1 April 2017	100	(25,340,362)	(25,340,262)
Total comprehensive loss for the year	-	(9,746,100)	(9,746,100)
At 31 March 2018	100	(35,086,462)	(35,086,362)

Dividends paid and proposed

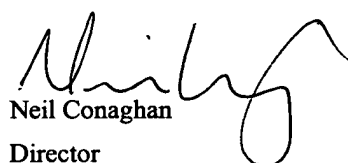
No dividends have been paid (2017: £nil) or proposed (2017: £nil) in the year ended 31 March 2018.

Balance sheet

at 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Investments	9	65,731,017	65,731,017
Deferred tax asset	8(c)	159,373	-
Current assets			
Debtors: amounts falling due within one year	10	65,154,797	65,271,266
Cash at bank and in hand	11	43,814	55,212
		65,198,611	65,326,478
Creditors: amounts falling due within one year	12	(61,464,419)	(49,650,069)
Net current assets		3,743,192	15,676,409
Total assets less current liabilities		69,624,582	81,407,426
Creditors: amounts falling due after more than one year	13	(104,710,944)	(106,747,688)
Net liabilities		(35,086,362)	(25,340,262)
Capital and reserves			
Share capital	14	100	100
Retained earnings		(35,086,462)	(25,340,362)
Total equity		(35,086,362)	(25,340,262)

These financial statements of Aston Bidco Limited, registered number 09091934, were approved by the Board of Directors and authorised for issue on 25 June 2018 and signed on its behalf by:


 Neil Conaghan
 Director

Notes to the financial statements

at 31 March 2018

1. Accounting policies

Domicile

The Company, whose registered address is First Floor Millbank Tower, 21-24 Millbank, London, SW1P 4QP, is a private company limited by shares and is incorporated and domiciled in England.

Compliance with FRS 101

These financial statements were prepared in accordance with applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

The Company's financial statements are presented in pounds sterling and all values are rounded to the nearest pound except when otherwise indicated.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Aston (XLN) Topco Limited, whose registered office is at 44 Esplanade, St. Helier, Jersey, JE4 9WG, is a private limited company incorporated and domiciled in Jersey.

The results of the Company are included in the consolidated financial statements of Aston (XLN) Topco Limited, which are available at First Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP.

Basis of preparation

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- b) the requirements of IAS 7 *Statement of Cash Flows*;
- c) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- d) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- e) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- f) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*;
- g) the requirements of paragraphs 17 and 18(a) of IAS 24 *Related Party Disclosures*;
- h) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*; and
- i) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Going concern

As a parent undertaking, in considering going concern, the Directors have considered the business activities and financial resources of its trading subsidiaries. Together the subsidiaries have positive EBITDA, have significant assets and are cash generative and as such dividends are expected in the future.

Although the Company does have substantial secured loan liabilities and negative equity, the loan is not repayable until September 2021. The Company is dependent on continuing finance being made available by the group companies to enable it to continue operating and to meet its debts as they fall due. The Company will be able to settle loan interest through cash generated by the subsidiaries from trading. Interest will be paid through the repayment of intercompany debt. The Company will consider refinancing the secured debt in due course.

Given the above, the Company is considered to have adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern principle has been adopted in preparing the financial statements.

Notes to the financial statements (continued)

at 31 March 2018

1. Accounting policies (continued)

Foreign currency translation

The Company's financial statements are presented in pounds sterling, which is also the Company's functional currency.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are included in the statement of comprehensive income.

Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

Assessment of control

These financial statements disclose information of all entities controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

There is no instance where the Company holds more than half of the voting rights in an entity, and the entity is not deemed to be controlled by the Company.

Investment impairment review

Determining whether an investment in a subsidiary is impaired requires an estimation of the fair value of the investment. The Company estimates the fair value of an investment by applying a suitable discount rate to the future cash flows that are expected to be generated by the investment. These future cash flows are inherently judgemental and future events could cause the underlying assumptions to change. If an investment is found to be impaired, the excess carrying amount is written off to the statement of comprehensive income.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as loans and receivables. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Notes to the financial statements (continued)

at 31 March 2018

1. Accounting policies (continued)

Impairment of financial assets (continued)

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administrative expenses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest receivable and similar income or interest payable and similar charges.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair values

The fair value of financial instruments is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Cash at bank and in hand

Cash in the balance sheet comprises cash at banks and in hand.

Notes to the financial statements (continued)

at 31 March 2018

1. Accounting policies (continued)

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material provisions are discounted.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

Pensions and other post-retirement benefits

Contributions to the defined contribution scheme are recognised in the statement of comprehensive income in the period in which they become payable. The majority of contributions made are in line with the requirements for auto-enrolment pension schemes.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of comprehensive income.

Notes to the financial statements (continued)

at 31 March 2018

2. Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment review of assets

Determining whether assets are impaired requires an estimation of the value in use of the cash-generating units to which assets has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate a present value. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Company.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Historical differences between forecast and actual taxable profits have not resulted in material differences to the recognition of deferred tax assets.

3. Operating loss

Audit fees of £7,200 (2017: £7,000) have been borne by another group company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of its ultimate parent Aston (XLN) Topco Limited.

During the year no impairment losses (2017: £nil) or reversal of prior losses (2017: £nil) were recognised.

4. Directors' remuneration

	2018 £	2017 £
Remuneration	<u>432,238</u>	<u>432,345</u>
Remuneration of the highest paid director:		
Remuneration	<u>227,845</u>	<u>228,998</u>

The total directors' remuneration includes benefits in kind amounting to £29,830 (2017: £28,783), of which £217 (2017: £217) pertains to the highest paid director.

Notes to the financial statements (continued)

at 31 March 2018

4. Directors' remuneration (continued)

The above reflects remuneration paid to the Directors by the Company. The Directors are also directors of other companies within the Group, and in their opinion it is not practicable to apportion their total remuneration between qualifying services to the Company and services to other companies in the Group.

No Director received or exercised any share options, nor received qualifying service shares under long term incentive schemes in the year (2017: £nil).

5. Staff costs

	2018 £	2017 £
Salaries and wages	354,627	355,777
Pension	2,004	2,000
Social security costs	45,785	45,785
	<u>402,416</u>	<u>403,562</u>

The number of employees (including directors) during the year was made up as follows:

	No.	No.
Administration	3	3
	<u>3</u>	<u>3</u>

6. Interest receivable

	2018 £	2017 £
Bank interest receivable	974	-
	<u>974</u>	<u>-</u>

7. Interest payable and similar charges

	2018 £	2017 £
Secured loan	9,721,324	9,978,411
Amortisation of secured loan costs	539,644	412,541
	<u>10,260,968</u>	<u>10,390,952</u>

Notes to the financial statements (continued)

at 31 March 2018

8. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax on the loss for the year	858,246	1,318,752
Adjustment in respect of prior year	(30,244)	177,844
Total current tax	<u>828,002</u>	<u>1,496,596</u>
Deferred tax:		
Origination and reversal of timing differences	159,373	-
Total deferred tax (note 8(c))	<u>159,373</u>	<u>-</u>
Total tax credit on the statement of comprehensive income (note 8(b))	<u>987,375</u>	<u>1,496,596</u>

(b) Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before taxation	<u>(10,733,475)</u>	<u>(10,870,374)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%).	2,039,360	2,174,075
Effects of:		
Expenses not deductible for tax purposes	(1,012,888)	(855,323)
Adjustment in respect of prior year	(30,244)	177,844
Other	(8,853)	-
Total tax credit for the year (note 8(a))	<u>987,375</u>	<u>1,496,596</u>

Notes to the financial statements (continued)

at 31 March 2018

8. Tax (continued)

(c) Deferred tax

	£
At 1 April 2016	-
Charge to statement of comprehensive income (note 8(a))	-
At 1 April 2017	-
Charge to statement of comprehensive income (note 8(a))	159,373
At 31 March 2018	<u>159,373</u>

The deferred tax included in the balance sheet is as follows:

	2018	2017
	£	£
Disallowed interest	159,373	-
	<u>159,373</u>	<u>-</u>

The Company has recognised the deferred tax asset despite being loss-making as these are expected to be utilised by profit-making entities within the Group.

(d) Factors that may affect future tax charge

The headline rate of UK corporation tax remained at 20% on 1 April 2016 and reduced to 19% on 1 April 2017. Finance Act 2016 includes a further reduction to 17% from 1 April 2020. This reduction was substantively enacted on September 2016 and has been reflected in the calculation of deferred tax balances at the balance sheet date.

9. Investments

	<i>Subsidiary undertakings</i>
	£
Cost and net book value:	
At 1 April 2017 and 31 March 2018	<u>65,731,017</u>

Notes to the financial statements (continued)

at 31 March 2018

9. Investments (continued)

The Company has investments in the following subsidiary undertakings.

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Holding</i>	<i>%</i>
Hamsard 3209 Limited	United Kingdom	Parent undertaking	Ordinary shares	100
Hamsard 3219 Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
Hamsard 3210 Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
XLN Telecom Holdings Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
XLN Limited (formerly known as XLN Telecom (No.1) Limited)*	United Kingdom	Parent undertaking	Ordinary shares	100
XLN Telecom Limited*	United Kingdom	Telecommunications	Ordinary shares	100
OneBill Group Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
OneBill Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
OneBill Telecom Limited*	United Kingdom	Telecommunications	Ordinary shares	100
XLN Card Processing Solutions Limited*	United Kingdom	Card processing services	Ordinary shares	100
Card Processing Solutions (Manchester) Limited *	United Kingdom	Dormant	Ordinary shares	100
Card Processing Group Limited*	United Kingdom	Dormant	Ordinary shares	100
Card Processing Finance Limited*	United Kingdom	Dormant	Ordinary shares	100
Card Processing Service Limited*	United Kingdom	Dormant	Ordinary shares	100
CPS Merchant Services Limited*	United Kingdom	Dormant	Ordinary shares	100
Card Processing Solutions Limited*	United Kingdom	Dormant	Ordinary shares	100
Shine Telecom Limited*	United Kingdom	Dormant	Ordinary shares	100
XLN Energy Limited *	United Kingdom	Gas and Electricity	Ordinary shares	100

* Investment held via subsidiary undertaking

The registered address of all of the subsidiaries listed above is First Floor Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

10. Debtors: amounts falling due within one year

	<i>2018</i>	<i>2017</i>
	<i>£</i>	<i>£</i>
Amounts owed by group undertakings	64,296,626	63,941,314
Amounts owed by group undertakings – tax group relief	838,619	1,318,752
Prepayments	18,352	10,000
Other taxes and social security costs	1,200	1,200
	<u>65,154,797</u>	<u>65,271,266</u>

Amounts owed by group undertakings are interest-free and are repayable on demand.

Notes to the financial statements (continued)

at 31 March 2018

11. Cash at bank and in hand

	2018	2017
	£	£
Cash at bank	43,814	55,212
	<u>43,814</u>	<u>55,212</u>

12. Creditors: amounts falling due within one year

	2018	2017
	£	£
Amounts owed to parent undertaking	19,467,333	19,472,945
Amounts owed to group undertakings	41,906,441	30,138,628
Other taxes and social security costs	16,975	16,978
Accruals	73,670	21,518
	<u>61,464,419</u>	<u>49,650,069</u>

Amounts owed to parent and to group undertakings are interest free and are repayable on demand.

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

	2018	2017
	£	£
Secured loan	104,710,944	106,747,688
	<u>104,710,944</u>	<u>106,747,688</u>
Secured loan:		
Due in more than two years but less than five years	104,710,944	106,747,688
	<u>104,710,944</u>	<u>106,747,688</u>

In October 2014, the Company entered into a £115,000,000 senior loan agreement. Loan issue costs totalling £3,896,800 were incurred and have been amortised by £1,684,132 as at the balance sheet date (2017: £1,144,488). The debt matures in September 2021 and accrues quarterly interest of 7.75% per annum plus 3-month pound sterling LIBOR, with a floor set at 3-month pound sterling LIBOR rate of 1.25%. The group of companies included in the joint composite guarantee and noted below must comply with certain contractually defined covenants. The Group continues to comply with these covenants.

Notes to the financial statements (continued)

at 31 March 2018

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

There is a joint composite guarantee between the Company, Aston (XLN) Topco Limited, Hamsard 3209 Limited, Hamsard 3219 Limited, Hamsard 3210 Limited, XLN Telecom Holdings Limited, XLN Limited (formerly known as XLN Telecom (No.1) Limited), XLN Telecom Limited, XLN Card Processing Solutions Limited, OneBill Group Limited, OneBill Limited, OneBill Telecom Limited and XLN Energy Limited. This guarantee relates to the secured loan issued by U.S. Bank Trustees Limited (as the security agent) of £115,000,000 to the Company. This guarantee and debenture is secured by fixed and floating charges over all existing and future assets of the Company. The outstanding amount on the secured loan as at 31 March 2018 is £106,923,611 (2017: £109,500,000)

On 30 June 2016, the Company received funds from a group undertaking via an intercompany loan amounting to £5,500,000 which the Company used to reduce its outstanding secured debt by the same amount. On 10 August 2017, the Group repaid £776,389 of its secured loan and on 30 September 2017 the Group repaid £1,800,000.

14. Authorised, issued and called up share capital

		2018		2017	
		No.	£	No.	£
Authorised, allotted, called up and fully paid					
Ordinary shares of £1 each	100		<u>100</u>	100	<u>100</u>

The ordinary shares are entitled to one vote per share. There are no preferences or restrictions associated with this class of shares in relation to dividends or capital repayment.

No shares were issued in the year (2017: nil).

15. Related party transactions

The Company has taken advantage of the exemptions allowed by FRS 101 Paragraph 8 (k) not to disclose any transactions with entities that are included in the group financial statements of Aston (XLN) Topco Limited on the grounds that it is a wholly owned subsidiary undertaking of Aston (XLN) Topco Limited.

Interest payable of £9,721,324 (2017: £9,978,411) arising on the secured loan was due to and paid to a consortium of funds which, together, hold warrants over 30.13% of the voting shares of Aston (XLN) Topco Limited

16. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is Aston (XLN) Topco Limited, a company incorporated in Jersey.

The largest and smallest group of undertakings for which group financial statements have been drawn is that headed by Aston (XLN) Topco Limited. Copies of the group financial statements are annexed behind these financial statements and are also available from First Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP.

The controlling party is Knud Nellemann.

Aston (XLN) Topco Limited

Report and Financial Statements

31 March 2018

Registration No. 116603

GROUP PACKAGE PART
ACCOUNTS FOR ASTON BIDCO LIMITED
COMPANY NUMBER 09091934

Directors

C Nellesmann
N Conaghan
F McKay
M Carruthers
J Florsheim

Secretary

Intertrust Fiduciary Services (Jersey) Limited

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Banker

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PO Box 72
Bailey Drive
Gillingham Business Park
Gillingham
Kent
ME8 0LS

Solicitor

Squire Patton Boggs (UK) LLP
6 Wellington Place
Leeds
LS1 4AP

Registered Office

44 Esplanade
St. Helier
Jersey
JE4 9WG

Registered No. 116603

Strategic report

The directors present their Strategic Report for the year ended 31 March 2018.

Principal activity and review of the business

The principal activity of the Group relates to the provision of telecommunications services. The Group loss for the year after taxation amounted to £6,332,789 (2017 (restated –see note 24): £6,231,664). The strategy of the Group is to grow the customer base and to provide cost-efficient telephony, broadband and other essential services, such as debit and credit card processing services and energy utilities, to small businesses whilst maintaining high levels of customer service.

The Group's key performance indicators are as follows:

	2018	2017 (Restated – see note 24)	Change
Turnover (£)	62,998,238	58,745,808	7.2%
EBITDA (£)	13,904,291	13,641,962	1.9%

The Group considers both turnover and EBITDA as key performance indicators and reviews them on a monthly basis.

Revenue and EBITDA have been positively impacted by the uplift in sales activity in the year.

In the coming year we will continue to focus on our customer service, actively manage customer churn and bad debts, and ensure our margins are maintained. We recognise the benefits from cross-selling and look to continue to harness this opportunity in the forthcoming period. We will look to establish sales through scaling existing sales channels.

The Group continues to invest in system improvements that have resulted in increased process automation. These improvements are expected to lead to a more positive customer experience as a result of efficiency and accuracy gains. The directors regard such investment as necessary for the continued success in the medium-to long-term future of the business.

The Group's statement of financial position on page 10 shows that the Group is in a net liability position at the year-end. This is mainly driven by the level of debt in the Group's balance sheet and the loss in the current year as a result of the finance costs incurred on the Group's interest-bearing loans.

Principal risks and uncertainties

The Group operates in a highly competitive market which is a continuing risk to the Group and could result in losing sales to its key competitors. The Group manages this risk by providing value-added services to its customers and by having fast response times to customer queries and responding to market developments.

The primary business risks currently facing the Group are:

- Changes to the regulatory environment
- Reduction in the use of fixed line telephone services as a result of changes in technology

The directors believe that these factors are unlikely to have a material adverse effect on the Group for the foreseeable future.

The Group also sources services from India; however, as the majority of these costs are invoiced in pounds sterling, there is minimal risk from exchange rate fluctuations.

Strategic report (continued)

Financial risk management

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk, and liquidity risk. The Group regularly reviews the need to use financial derivatives to manage its interest rate risk. The Group does not use derivative financial instruments for speculative purposes.

Credit risk

The Group's principal financial assets are cash and trade receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the debt. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

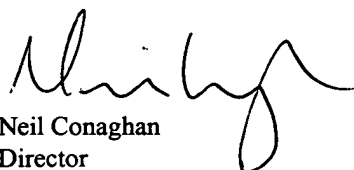
Cash flow risk

Interest-bearing liabilities are reviewed regularly to assess the impact of interest rate fluctuations on cash flow and the need to hedge. The Group also considers the impact of future loan repayments on future cash flows. For further details, refer to the going concern section of note 1 to the consolidated financial statements.

Liquidity risk

The Group's policy in respect of liquidity risk is to maintain readily accessible bank deposits to ensure the Group has sufficient funds for operations. The Group monitors cash flow as part of its day-to-day procedures.

On behalf of the Board



Neil Conaghan
Director
25 June 2018

Directors' report

The directors present their Report and Financial Statements for the year ended 31 March 2018.

Dividends

The directors do not recommend a final dividend (2017: £nil).

Research and development

Research and development in the business is concentrated on the Group's improvements in information technology systems to increase efficiency and improve customer experience.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future, and thus they adopt a going concern basis of accounting in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the consolidated financial statements.

Filing of separate financial statements for the Company

The directors consider that separate financial statements for the Company need not be prepared as the following requirements of Article 105 (11) under the Companies (Jersey) Law 1991 have been met:

- the Company is a holding company under Article 2 of the Companies (Jersey) Law 1991; and
- the members of the Company have not passed a resolution requiring the Company to produce standalone accounts.

Future developments

The directors aim to implement action plans which will encourage the Group's growth. They consider that the next year will show growth in turnover and EBITDA, as well as a net increase in the size of the customer base. This is expected to be achieved through price increases and by continuing to develop sales channels and improving product competitiveness.

Directors

The directors who served the Company during the year were as follows:

C Nellesmann
N Conaghan
F McKay
M Carruthers
J Florsheim

Financial risk management

Details are provided in the Strategic Report on page 3 of these financial statements.

Disabled employees

The Group 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. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate work place adjustments where practicable to achieve this aim.

Employment involvement

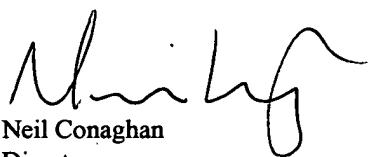
The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the Group has been continued. The Group has an employee consultation group which encourages communication and employee feedback. Findings from the employee consultative group are fed back to the management team.

Directors' report (continued)

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the next Board Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Neil Conaghan', written over the printed name.

Neil Conaghan
Director
25 June 2018

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Jersey Company law requires the directors to prepare the financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the Company are required by law to give a true and fair view of the state of affairs of the Company at the period end and of the profit and loss of the Company for the period then ended.

In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and appropriate;
- specify which generally accepted accounting principles have been adopted in their preparation; 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 which are sufficient to show and explain its transactions and are such to 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 (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

TO THE MEMBERS OF ASTON (XLN) TOPCO LIMITED

We have audited the financial statements of Aston (XLN) Topco Limited and its subsidiaries (the "group") for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the group's affairs as at 31 March 2018 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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 below. We are independent of the group 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.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report (continued)

TO THE MEMBERS OF ASTON (XLN) TOPCO LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- ▶ proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the company's accounting records and returns; 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 set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 Article 113A of the Companies (Jersey) Law 1991. 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.



Neil Cullum
for and on behalf of Ernst & Young LLP
London
25 June 2018

Consolidated statement of comprehensive income

for the year ended 31 March 2018

		2018	2017 (Restated – see note 24)
	Notes	£	£
Revenue	3	62,998,238	58,745,808
Cost of sales		<u>(28,695,542)</u>	<u>(25,727,140)</u>
Gross profit		34,302,696	33,018,668
Administrative expenses		<u>(28,342,853)</u>	<u>(26,735,392)</u>
Selling and distribution costs		<u>(2,197,677)</u>	<u>(2,885,853)</u>
Operating profit	4	3,762,166	3,397,423
Finance income	6	63,329	7
Finance costs	7	<u>(10,323,788)</u>	<u>(10,390,952)</u>
Loss before tax		(6,498,293)	(6,993,522)
Income tax	8	<u>165,502</u>	<u>761,858</u>
Loss for the year being total comprehensive loss for the year, net of tax, attributable to equity holders of the parent company		<u>(6,332,791)</u>	<u>(6,231,664)</u>

All amounts relate to continuing operations.

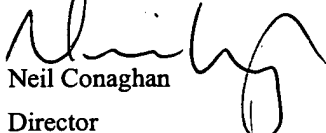
During the year ended 31 March 2018 and the prior year, the Group did not have any transactions going through other comprehensive income.

Consolidated statement of financial position

at 31 March 2018

		31 March 2018	31 March 2017 (Restated – see note 24)	31 March 2016 (Restated – see note 24)
Notes		£	£	£
Assets				
Non-current assets				
Goodwill	9	91,858,570	91,858,570	91,858,570
Other intangible assets	10	13,459,310	23,082,506	32,512,342
Property, plant and equipment	11	334,801	565,765	1,005,462
		<u>105,652,681</u>	<u>115,506,841</u>	<u>125,376,374</u>
Current assets				
Inventories	13	59,287	46,165	11,793
Trade and other receivables	14	6,120,927	4,545,114	3,865,539
Cash and cash equivalents	15	3,015,435	3,249,558	5,126,279
		<u>9,195,649</u>	<u>7,840,837</u>	<u>9,003,611</u>
Total assets		<u>114,848,330</u>	<u>123,347,678</u>	<u>134,379,985</u>
Equity and liabilities				
Equity				
Issued capital	22	15,664	15,407	15,201
Share premium	23	19,460,303	19,460,183	19,460,269
Reserve for own shares held	23	(787,717)	(711,035)	(669,261)
Retained earnings		(24,294,066)	(17,961,275)	(11,729,611)
Equity attributable to equity holders of the parent company being total equity		<u>(5,605,816)</u>	<u>803,280</u>	<u>7,076,598</u>
Non-current liabilities				
Interest bearing loans and borrowings	18, 20	104,710,943	106,747,688	111,835,147
Deferred tax liabilities	8(c)	2,220,054	4,128,298	5,934,481
Provisions for liabilities	17	294,503	35,887	987
		<u>107,225,500</u>	<u>110,911,873</u>	<u>117,770,615</u>
Current liabilities				
Trade and other payables	16	12,282,639	11,293,768	9,152,539
Current tax liabilities		946,007	338,757	380,233
		<u>13,228,646</u>	<u>11,632,525</u>	<u>9,532,772</u>
Total liabilities		<u>120,454,146</u>	<u>122,544,398</u>	<u>127,303,387</u>
Total equity and liabilities		<u>114,848,330</u>	<u>123,347,678</u>	<u>134,379,985</u>

These financial statements of Aston (XLN) Topco Limited, registered number 116603, were approved by the board of directors and authorised for issue on 25 June 2018 and signed on its behalf by:


Neil Conaghan
Director

Consolidated statement of changes in equity

for the year ended 31 March 2018

<i>Group</i>	<i>Issued capital £</i>	<i>Share premium £</i>	<i>Reserve for own shares held £</i>	<i>Retained earnings £</i>	<i>Total equity £</i>
At 1 April 2016	15,201	19,460,269	(669,261)	(11,431,209)	7,375,000
Net effect of change in accounting policy (see note 24)	-	-	-	(298,402)	(298,402)
Restated balance at 1 April 2016 (see note 24)	15,201	19,460,269	(669,261)	(11,729,611)	7,076,598
New shares issued (see note 22)	206	(86)	-	-	120
Shares acquired by Employee Benefit Trust (EBT) (see note 23)	-	-	(41,774)	-	(41,774)
Restated loss for the year (see note 24)	-	-	-	(6,231,664)	(6,231,664)
Restated balance at 1 April 2017 (see note 24)	15,407	19,460,183	(711,035)	(17,961,275)	803,280
New shares issued (see note 22)	257	120	-	-	377
Shares acquired by EBT (see note 23)	-	-	(76,682)	-	(76,682)
Loss for the year	-	-	-	(6,332,791)	(6,332,791)
At 31 March 2018	15,664	19,460,303	(787,717)	(24,294,066)	(5,605,816)

All amounts are equity attributable to the owners of the parent Company.

Dividends paid and proposed

No dividends have been paid (2017: £nil) or proposed (2017: £nil) in the year ended 31 March 2018.

Consolidated statement of cash flows

for the year ended 31 March 2018

		2018	2017 (Restated – see Note 24)
	Notes	£	£
Operating activities			
Total comprehensive loss for the year		(6,332,791)	(6,231,664)
Non-cash adjustments to reconcile total comprehensive loss to net cash flows:			
Finance income	6	(63,329)	(7)
Finance costs	7	10,323,788	10,390,952
Gift of shares to employees		377	120
Income tax	8	(165,502)	(761,858)
Depreciation of property, plant and equipment	4, 11	450,774	490,294
Amortisation of other intangible assets	4, 10	9,691,349	9,754,245
Movement in provisions for liabilities	17	258,616	34,900
Working capital adjustments:			
Increase in trade and other receivables		(1,575,813)	(679,575)
Increase in inventories		(13,122)	(34,372)
Increase in trade and other payables		717,734	2,133,943
		13,292,081	15,096,978
Interest received		63,329	7
Interest paid: secured loans		(9,668,595)	(9,978,411)
Interest paid: other		(1,445)	-
Income taxes paid		(1,135,494)	(1,085,801)
Net cash flows from operating activities		<u>2,549,876</u>	<u>4,032,773</u>
Investing activities			
Purchases of property, plant and equipment and intangible assets	10, 11	(130,928)	(367,720)
Net cash used in investing activities		<u>(130,928)</u>	<u>(367,720)</u>
Financing activities			
Purchase of shares by EBT	23	(76,682)	(41,774)
Repayment of bank borrowings	18	(2,576,389)	(5,500,000)
Net cash used in financing activities		<u>(2,653,071)</u>	<u>(5,541,774)</u>
Net decrease in cash and cash equivalents		(234,123)	(1,876,721)
Cash and cash equivalents at beginning of year		3,249,558	5,126,279
Cash and cash equivalents at end of year	15	<u>3,015,435</u>	<u>3,249,558</u>

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

Basis of preparation

The consolidated financial statements of Aston (XLN) Topco Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2018 were authorised for issue by the Board of the directors on 25 June 2018. Aston (XLN) Topco Limited (the Company), whose registered office is at 44 Esplanade, St. Helier, Jersey, JE4 9WG, is a private limited company incorporated and domiciled in Jersey.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest pound, except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2018.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Going concern

The Group has adequate financial resources together with long-term contracts with a number of suppliers. The customer base is diversified across geographic areas and industries within the UK. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

The Group is financed by a mixture of secured debt and equity, with the majority of the debt due in more than one year. The Group has positive EBITDA and is cash generative. As a result the Group will be able to settle the bank interest when it is due. The Group will consider refinancing the secured debt in due course.

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies (continued)

Going concern (continued)

The Group meets its day to day working capital requirements through cash generated from operating activities, although a revolving credit facility is also in place. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should continue to be able to operate for the foreseeable future using cash generated from operations, and that no additional borrowing facilities will be required.

After making enquiries, the directors have a reasonable expectation for the Group to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing the financial statements.

Further information on the financial position of the Group, its risk management objectives and its exposure to credit risk and liquidity risk is contained in the Strategic report.

New and amended standards and interpretations

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in Note 18.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle - 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group does not have any interest in other entities that are held for sale.

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies (continued)

Standards issued but not yet effective

The following new and amended standards and interpretations in issue are not yet effective and have not been adopted by the Group:

	Effective dates*
IFRS 15 Revenue from Contracts with Customers	1 January 2018+
IFRS 9 Financial Instruments	1 January 2018+
IFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018+
Transfers of Investment Property – Amendments to IAS 40	1 January 2018 +
IFRS 1 First time adoption of IFRS – Deletion of short-term exemptions for first time adopters	1 January 2018+
IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice	1 January 2018+
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4	1 January 2018+
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018+
IFRS 16 Leases	1 January 2019+
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	1 January 2019+
IFRS 17 Insurance contracts	1 January 2021 +
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date indefinitely deferred

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS15 will impact on the timing and accounting treatment of revenue and customer acquisition costs and IFRS16 will impact both the measurement and disclosure of leases. IFRS 9 may also impact the classification and measurement of intercompany loans held in the books of the Group entities. The impact in the year of initial application of these standards are not yet known or reasonably estimable.

**The Group will normally adopt new standards at the effective date.*

+Effective for annual periods beginning on or after this date

Foreign currency translation

The Group's consolidated financial statements are presented in pounds sterling, which is the functional currency of all companies within the Group. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Differences arising on settlement or translation of transactions are recognised in administrative expenses in the consolidated statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Rendering of services

Line rental, call packages, broadband subscriptions and mobile subscriptions are recognised in the period to which they relate. Call revenue is recognised in the period in which calls are made; calls made in the year, but not billed by the year end, are accrued within accrued income. Turnover from other telecommunication services is recognised in the period to which it relates with appropriate adjustments made where invoices are raised in advance or arrears.

The recognition of revenue associated with the provision of gas and electricity services to customers by the group relies on estimates of actual usage where meter readings are not available. These estimates are based on historical usage information, adjusted for known factors such as variations in the weather.

Revenue from card processing transactional services is recognised in the period in which the services are provided. Revenue from helpdesk and maintenance is apportioned over duration of the contract with the customer. This is a change in accounting policy in the current year and the impact is found in note 24.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Cost of sales

Line and broadband rental charges are recognised in the period to which they relate. Call charges are recognised in the period in which calls are made; calls made in the year, but not billed by the year end, are included within creditors as accruals. Costs associated with other telecommunication services are recognised in the period to which they relates with appropriate adjustments made where charges are raised in advance or arrears.

The recognition of costs associated with the provision of gas and electricity services to customers by the group relies on estimates of actual usage where meter readings are not available. These estimates are based on historical usage information, adjusted for known factors such as variations in the weather.

Broadband set-up costs comprise direct migration and set-up costs of installing broadband on subscriber fixed lines and are reflected in cost of sales as incurred.

New line charges, relating to costs incurred on installing a new line at customer premises are reflected in cost of sales as incurred.

Customer acquisition costs

The costs associated with acquiring customers through third parties are charged to the consolidated statement of comprehensive income as they are incurred.

Pension and other post-retirement benefits

Contributions to the defined contribution scheme are recognised in the consolidated statement of comprehensive income in the period in which they become payable. The majority of contributions made are in line with the requirements for auto-enrolment pension schemes.

Holiday pay

Paid holidays are regarded as an employee benefit and as such are charged to the statement of total comprehensive income as the benefits are earned. An accrual is made at each reporting date to reflect the fair value of holidays earned but not yet taken.

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies (continued)

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases where the Group is a lessee, and the lessor retains a significant portion of the risks and benefits of ownership of the asset, are classified as operating leases and rentals payable are charged in the statement of comprehensive income on a straight line basis over the lease term.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the consolidated statement of comprehensive income.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except receivables and payables, which are stated with the amount of sales tax included.

The net amount of VAT recoverable from, or payable to, HM Revenue & Customs is included as part of receivables or payables in the statement of financial position.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies (continued)

Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Identifiable net assets acquired on liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit ("CGU") (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets acquired in a business combination

In accordance with IFRS 1 First-time Adoption of International Reporting Standards as adopted by the EU, first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS for arrangements entered into prior to 12 September 2014. The Group has applied the following exemptions:

IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries that are considered businesses under IFRS that occurred before 12 September 2014, being the date of incorporation for the Company. Use of this exemption means that the United Kingdom Accounting Standards carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies (continued)

Intangible assets acquired in a business combination (continued)

IFRS 1 also requires that the United Kingdom Accounting Standards carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets).

The Group has not applied IAS 21 retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree.

Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

Intangible assets acquired in a business combination and recognised separately from goodwill, may include customer lists and internally generated software, and are initially recognised at their fair value at the acquisition date, which is regarded as their cost. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is charged to administrative expenses on a straight-line basis over the expected life of the acquired asset as follows:

Customer contracts - Communications	5 years
Customer contracts - Card and processing services	6 years
Acquired software	4 years

The remaining unamortised periods as at 31 March 2018 are as follows:

Customer contracts - Communications	1.5 years
Customer contracts - Card and processing services	2.5 years
Acquired software	0.5 years

Intangible assets – Software platform and website development and license costs

Software platform, website development and licence costs comprise external infrastructure and design costs incurred in the development of software for internal use and external use. Software platform, website development and licence costs are recognised as an intangible asset only if they can be separately identified, it is probable that the asset will generate future economic benefits, and the development costs can be measured reliably.

Development expenditure is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development. Where these conditions are not met, development expenditure is recognised as an expense in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit.

Software platform and website development and licence costs are amortised on a straight-line basis over their estimated useful economic lives of three to four years.

The costs to purchase computer software that are separable from an item of related hardware are capitalised separately and amortised on a straight line basis over a period of four years.

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Cost comprises the aggregate amount paid and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computer equipment	–	2–4 years
Fixtures and fittings	–	2–4 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required, these are made prospectively.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the period of derecognition.

Impairment of property, plant and equipment and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition on a first-in, first-out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as loans and receivables. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also include other types of monetary assets. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost, less provision for impairment.

The Group's loans and receivables comprise trade receivables and are included within trade and other receivables in note 14 of the financial statements.

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies (continued)

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence (for example, of significant financial difficulties on the part of the counterparty, or default, or significant delay in payment) that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administrative expenses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the Group's past experience of collecting payments.

For trade receivables which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of total comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies (continued)

Employee benefit trust

The Group operates and controls the XLN Employee Benefit Trust 2010 ('EBT'), primarily to acquire shares from individuals leaving employment with the Group. The assets and liabilities of the EBT have been included in the consolidated financial statements. The costs of purchasing own shares held by the EBT are shown as a deduction against equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Financial liabilities

The Group's financial liabilities comprise trade payables and interest bearing liabilities and borrowings.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest receivable and similar income and interest payable and similar charges.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair values

The fair value of financial instruments is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Notes to the consolidated financial statements

at 31 March 2018

1. Significant accounting policies (continued)

Fair values (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable IFRS 13.95

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group does not have any financial instruments and non-financial assets that are subsequently measured at fair value. The fair values and related disclosures for financial instruments where fair values are disclosed, are shown in their respective notes.

Provisions for liabilities

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, provisions are discounted.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain

2. Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions affecting reported revenues, costs, assets and liabilities. The estimates and associated assumptions are generally evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Goodwill impairment review

Determining whether goodwill is impaired requires an estimation of the recoverable amount which is the higher of value in use and fair value less cost to sell of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate a present value. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Group.

Notes to the consolidated financial statements

at 31 March 2018

2. Significant accounting judgements, estimates and assumptions (continued)

Other intangible assets

As set out in note 1, intangible assets acquired in a business combination are capitalised and amortised over their useful lives. Both initial valuations and valuations for subsequent impairment tests are based on risk-adjusted future cash flows discounted using appropriate discount rates. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Group.

Revenue recognition and recoverability of trade receivables

In certain circumstances, when a customer cancels a contract before the agreed end date, the Group is entitled to charge a termination fee. Despite the fact that the Group is contractually entitled to charge these fees, recoverability of this type of revenue has historically been lower than for other revenue streams.

The directors believe that, based on past performance and collection patterns, they can reliably measure the probable economic benefits that will flow to the Group from termination fees, however there is inevitably some variability in the level of recoverability of termination fees, which is taken into account when assessing the initial fair value of the revenue recorded.

Historical data indicates that the variability in recoverability of termination fees within the Group is less than 25%. Should the assumptions on which termination fee revenue is calculated vary by more than 25% then there may be a material impact on the reported revenues and profits.

After the initial recognition of revenue and associated accounts receivable in relation to termination fees, the trade receivables are reviewed to estimate the level of provisions required for irrecoverable debt, alongside other trade receivables. Provisions are made against the portfolio of trade receivables to appropriately reflect any uncertainty as to recoverability.

Operating lease commitments — group as lessee

The Group has entered into commercial property leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it does not retain all the significant risks and rewards of ownership of these properties, and accordingly accounts for the contracts as operating leases.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Historical differences between forecast and actual taxable profits have not resulted in material differences to the recognition of deferred tax assets.

Development costs

Development costs are capitalised in accordance with the accounting policy given in note 1. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. Included within intangible fixed assets are costs relating to the redeveloped website of the Group, which was completed in August 2015 and the development of the Customer Relationship Management ("CRM") system for the energy utility service. At 31 March 2018, the carrying amount of the website is £22,415 (2017: £48,480) and the carrying amount of the CRM is £151,254 (2017: £211,192).

Notes to the consolidated financial statements

at 31 March 2018

3. Revenue

	2018 £	2017 (Restated – see note 24) £
Telecommunication services	59,459,570	56,387,266
Rendering of card processing services	1,732,740	1,681,311
Energy utility services	1,009,346	39,817
Sale of terminals	556,959	377,462
Helpdesk and maintenance services	239,623	259,952
Total revenue	<u>62,998,238</u>	<u>58,745,808</u>

4. Operating profit

This is stated after charging:

	2018 £	2017 £
Research and development costs	149,339	203,284
Cost of inventories recognised as an expense (included in cost of sales)	736,286	500,241
Defined contribution pension plan expense	117,444	98,936
Depreciation of property, plant and equipment (note 11) *	450,774	490,294
Amortisation of other intangible assets (note 10) *	9,691,349	9,754,245
Operating lease charges	<u>525,296</u>	<u>526,840</u>

* - included within administrative expenses in the consolidated statement of comprehensive income.

There were no exchange differences recognised in the year (2017: £nil).

The analysis of the auditor's remuneration is as follows:

	2018 £	2017 £
Fees payable to the Group's auditors for the audit of:		
the Company's financial statements	16,500	16,000
the audit of the Company's subsidiaries	<u>121,700</u>	<u>102,000</u>
Total audit fees	<u>138,200</u>	<u>118,000</u>
Other advisory and assurance services	11,200	24,250
Services related to taxation compliance	<u>20,049</u>	<u>37,526</u>
Total non-audit fees	<u>31,249</u>	<u>61,776</u>
Total fees	<u>169,449</u>	<u>179,776</u>

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at 31 March 2018

5. Staff costs and key management personnel compensation

	2018 £	2017 £
Wages and salaries	11,231,559	10,201,404
Social security costs	1,049,152	973,437
Pension	117,444	98,936
	<u>12,398,155</u>	<u>11,273,777</u>

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	No.	No.
Finance and administrative	289	278
Sales	170	112
	<u>459</u>	<u>390</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and is limited to the directors of the Company listed on page 1. Key management personnel compensation for the year, being directors' remuneration, was made up as follows:

	2018 £	2017 £
Wages and salaries	494,253	494,360
Social security costs	55,016	55,016
Pension	2,000	2,000
	<u>551,268</u>	<u>551,376</u>
Highest paid director	<u>227,845</u>	<u>228,998</u>

The total directors' remuneration includes benefits in kind amounting to £29,830 (2017: £28,783), of which £217 (2017: £217) pertains to the highest paid director.

6. Finance income

	2018 £	2017 £
Bank interest receivable	63,329	7
	<u>63,329</u>	<u>7</u>

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at 31 March 2018

7. Finance costs

	2018	2017
	£	£
Interest on secured loans and overdrafts	9,721,324	9,978,411
Amortisation of secured loan costs	539,644	412,541
Other interest	62,820	-
	<u>10,323,788</u>	<u>10,390,952</u>

8. Income tax

(a) Total income tax

The tax credit is made up as follows:

	2018	2017 (Restated – see note 24)
	£	£
Current tax:		
UK corporation tax on the loss for the year	1,685,337	1,229,116
Adjustment in respect of prior year	57,405	(184,791)
Total current tax	<u>1,742,742</u>	<u>1,044,325</u>
Deferred tax:		
Origination and reversal of timing differences	(1,911,384)	(1,797,486)
Change in UK corporation tax rate	2,689	7,888
Adjustment in respect of prior year	451	(16,585)
Total deferred tax (note 8(c))	<u>(1,908,244)</u>	<u>(1,806,183)</u>
Total income tax (note 8(b))	<u>(165,502)</u>	<u>(761,858)</u>

Notes to the consolidated financial statements

at 31 March 2018

8. Income tax (continued)

(b) Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018	2017 (restated – see Note 24)
	£	£
Loss before tax	6,498,293	6,993,522
Loss multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	(1,234,676)	(1,398,704)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,013,059	869,776
Change in UK corporation tax rate	2,689	7,888
Non-taxable income	(28,500)	(40,000)
Adjustments in respect of prior year	57,856	(201,818)
Utilisation of losses brought forward	(84,844)	-
Other	108,914	-
Total income tax (note 8(a))	(165,502)	(761,858)

(c) Deferred tax

	£
At 1 April 2016 (restated – see note 24)	5,934,481
Charge to statement of comprehensive income (note 8(a))	(1,806,183)
At 31 March 2017 (restated – see note 24)	4,128,298
Charge to statement of comprehensive income (note 8(a))	(1,908,244)
At 31 March 2018	2,220,054

The deferred tax included in the balance sheet is as follows:

	2018	2017 (restated – see note 24)
	£	£
Accelerated capital allowances	120,668	72,271
Disallowed interest in the year	159,373	-
Intangible fixed assets	(2,499,925)	(4,280,162)
Other timing differences	(170)	79,593
	(2,220,054)	(4,128,298)

Notes to the consolidated financial statements

at 31 March 2018

8. Income tax (continued)

(d) Factors that may affect future tax charges

The Group is subject to UK corporation tax due:

- a) to the tax residence of the trading entities; and,
- b) Aston (XLN) Topco Limited being centrally managed and controlled in the United Kingdom.

The headline rate of UK corporation tax remained at 20% on 1 April 2016 and reduced to 19% on 1 April 2017. Finance Act 2016 includes a further reduction to 17% from 1 April 2020. This reduction was substantively enacted on September 2016 and has been reflected in the calculation of the deferred tax balances at the balance sheet date.

9. Goodwill

	£
Cost and net book value	
At 1 April 2016	91,858,570
Additions	-
At 1 March 2017	91,858,570
Additions	-
At 31 March 2018	<u>91,858,570</u>

Goodwill has been allocated to CGU as follows for impairment testing purposes:

	<i>31 March 2018</i>	<i>31 March 2017</i>
	£	£
Communications	89,830,703	89,830,703
Card processing services	<u>2,027,867</u>	<u>2,027,867</u>
	<u>91,858,570</u>	<u>91,858,570</u>

Communications includes the acquisition of XLN Telecom Limited and OneBill Telecom Limited. Card processing services includes the acquisition of XLN Card Processing Solutions Limited.

The carrying value of the Group's goodwill is not subject to annual amortisation and was tested for impairment at 31 March 2018. Key assumptions in the budgets and plans include future customer volume and price growth rate, associated future levels of sales and marketing support, cost-base of wholesale suppliers and directly associated overheads. These assumptions are based on historical trends and future market expectations specific to the CGU and the markets in which they operate.

The value in use of each cash-generating unit has been determined using the management-approved budget, which includes projections for a 5 year period for each cash-generating unit, with growth assumed to be no more than the long-term forecast rate of inflation of 2%, using "United Kingdom: Inflation, average consumer prices (Percent change)" as published by the IMF, thereafter into perpetuity. These cash flows are then discounted at the relevant CGU's post-tax weighted cost of capital of 11.0% for Communications and 13.0% for Card processing services.

Notes to the consolidated financial statements

at 31 March 2018

9. Goodwill (continued)

Based on the results of the current year impairment review, which indicated that the value in use of goodwill allocated to the Communications CGU and Card processing services CGU exceeded book value, no impairment charges have been recognised by the Group in the year ended 31 March 2018. Management have considered various sensitivity analyses in order to appropriately evaluate the carrying value of goodwill. Having assessed the anticipated future cash flows, the directors do not consider there to be any reasonable possible changes in any of the key assumptions underlying the value in use calculation that would lead to an impairment charge in the year ended 31 March 2018.

10. Other intangible assets

	<i>Customer contracts- communications</i>	<i>Customer contracts - card and processing services</i>	<i>Acquired software</i>	<i>Software and website development and license costs</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 April 2016	41,077,228	781,960	4,095,571	1,008,695	46,963,454
Additions	-	-	-	324,409	324,409
At 31 March 2017	41,077,228	781,960	4,095,571	1,333,104	47,287,863
Additions	-	-	-	68,153	68,153
At 31 March 2018	41,077,228	781,960	4,095,571	1,401,257	47,356,016
Amortisation:					
At 1 April 2016	12,323,169	195,490	1,535,839	396,614	14,451,112
Charge for the year	8,215,446	130,327	1,023,893	384,579	9,754,245
At 31 March 2017	20,538,615	325,817	2,559,732	781,193	24,205,357
Charge for the year	8,215,445	130,326	1,023,893	321,685	9,691,349
At 31 March 2018	28,754,060	456,143	3,583,625	1,102,878	33,896,706
Net book value:					
At 31 March 2018	12,323,168	325,817	511,946	298,379	13,459,310
At 31 March 2017	20,538,613	456,143	1,535,839	551,911	23,082,506

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at 31 March 2018

11. Property, plant and equipment

	<i>Computer equipment</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost:			
At 1 April 2016	414,592	1,306,402	1,720,994
Additions	44,499	6,098	50,597
At 31 March 2017	459,091	1,312,500	1,771,591
Additions	53,370	166,440	219,810
At 31 March 2018	512,461	1,478,940	1,991,401
Accumulated Depreciation:			
At 1 April 2016	197,044	518,488	715,532
Charge for the year	131,076	359,218	490,294
At 31 March 2017	328,120	877,706	1,205,826
Charge for the year	78,910	371,864	450,774
At 31 March 2018	407,030	1,249,570	1,656,600
Net book value:			
At 31 March 2018	105,431	229,370	334,801
At 31 March 2017	130,971	434,794	565,765

Notes to the consolidated financial statements

at 31 March 2018

12. Subsidiaries

The Group comprises a parent Company, Aston (XLN) Topco Limited, incorporated in Jersey, and a number of subsidiary companies held directly and indirectly by Aston (XLN) Topco Limited, all of which are incorporated and operate in the United Kingdom. All the Group's subsidiaries are 100% owned and controlled by the Group, and are listed in the table below. There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities.

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Holding</i>	<i>%</i>
Aston Bidco Limited	United Kingdom	Parent undertaking	Ordinary shares	100
Hamsard 3209 Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
Hamsard 3219 Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
Hamsard 3210 Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
XLN Telecom Holdings Limited*	United Kingdom	Parent undertaking	Ordinary shares	100
XLN Limited (formerly known as XLN Telecom (No.1) Limited)*	United Kingdom	Parent undertaking	Ordinary shares	100
XLN Telecom Limited*	United Kingdom	Telecommunications	Ordinary shares	100
OneBill Group Limited*	United Kingdom	Dormant	Ordinary shares	100
OneBill Limited*	United Kingdom	Dormant	Ordinary shares	100
OneBill Telecom Limited*	United Kingdom	Telecommunications	Ordinary shares	100
XLN Card Processing Solutions Limited*	United Kingdom	Card processing services	Ordinary shares	100
Card Processing Solutions (Manchester) Limited *	United Kingdom	Dormant	Ordinary shares	100
Card Processing Group Limited*	United Kingdom	Dormant	Ordinary shares	100
Card Processing Finance Limited*	United Kingdom	Dormant	Ordinary shares	100
Card Processing Service Limited*	United Kingdom	Dormant	Ordinary shares	100
CPS Merchant Services Limited*	United Kingdom	Dormant	Ordinary shares	100
Card Processing Solutions Limited*	United Kingdom	Dormant	Ordinary shares	100
Shine Telecom Limited*	United Kingdom	Dormant	Ordinary shares	100
XLN Energy Limited*	United Kingdom	Gas and Electricity	Ordinary shares	100

* Investment held via subsidiary undertaking

The registered address of all of the subsidiaries listed above is First Floor Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

13. Inventories

	<i>31 March 2018</i>	<i>31 March 2017</i>
	<i>£</i>	<i>£</i>
Mobile handset peripherals	29,750	30,454
Terminals and accessories	29,537	15,711
	<u>59,287</u>	<u>46,165</u>

Notes to the consolidated financial statements

at 31 March 2018

14. Trade and other receivables

	31 March 2018	31 March 2017
	£	£
Trade receivables	2,421,407	1,834,288
Other receivables	41,447	43,452
Prepayments	1,460,757	1,294,924
Accrued income	2,197,316	1,372,450
	<u>6,120,927</u>	<u>4,545,114</u>

Trade receivables are non-interest bearing and are generally on terms of 15-30 days.

As at 31 March 2018, trade receivables with an initial carrying value of £1,955,716 (2017: £1,134,156) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables.

	Collectively impaired	Total
	£	£
At 1st April 2016	455,038	455,038
Charge for the year	1,350,501	1,350,501
Utilised	<u>(671,383)</u>	<u>(671,383)</u>
At 31 March 2017	1,134,156	1,134,156
Charge for the year	2,961,274	2,961,274
Utilised	<u>(2,139,714)</u>	<u>(2,139,714)</u>
At 31 March 2018	<u>1,955,716</u>	<u>1,955,716</u>

As at 31 March, the ageing analysis of trade receivables is as follows:

	31 March 2018	31 March 2017
	£	£
Not past due nor impaired	2,421,407	1,829,093
Past due but not impaired:		
Less than 30 days	-	5,195
	<u>2,421,407</u>	<u>1,834,288</u>

The directors believe that the fair value of trade receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the consolidated financial statements

at 31 March 2018

15. Cash and cash equivalents

	31 March 2018	31 March 2017
	£	£
Cash at bank	3,015,435	3,249,558
	<u>3,015,435</u>	<u>3,249,558</u>

The directors believe that the fair value of cash approximate the carrying amount largely due to the short-term maturities of these instruments.

At 31 March 2018, the Group had a £1,500,000 overdraft facility (2017: £1,500,000) and £3,420,000 (2017: £3,420,000) undrawn committed borrowing facilities available.

16. Trade and other payables

	31 March 2018	31 March 2017 (restated – see note 24)
	£	£
Trade payables	4,494,374	4,163,557
Social security and other taxes	1,758,102	1,649,071
Other payables	55,850	3,122
Accruals	1,805,991	1,970,895
Deferred income	4,168,322	3,507,123
	<u>12,282,639</u>	<u>11,293,768</u>

The directors believe that the fair value of trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments. Trade payables are due within three months of year end.

17. Provisions for liabilities

	Dilapidations £	Onerous contracts provision £	Total £
At 1 April 2017 as restated (see note 24)	-	35,887	35,887
Arising during the year	218,410	40,206	258,616
At 31 March 2018	<u>218,410</u>	<u>76,093</u>	<u>294,503</u>

Dilapidations

A provision is recognised based on the future expected repair costs required to restore the Company's leased buildings to their original condition at the end of their respective lease terms. The calculated provisions were based on estimated costs provided by third party contractors. The provision is expected to be utilised by June 2025.

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at 31 March 2018

17. Provisions for liabilities (continued)

Onerous contracts provision

A provision is recognised based on the costs of fulfilling certain terminal service contracts exceeding the benefits which will be received from the contracts. The onerous contract provisions are expected to be utilised over the term of the contracts which vary between two and four years from inception.

18. Interest bearing loans and borrowings

	31 March 2018 £	31 March 2017 £
Secured loan	<u>104,710,943</u>	<u>106,747,688</u>

The maturity of this amount is as follows:

	31 March 2018 £	31 March 2017 £
Secured loan		
Amounts payable:		
Between 1 and 5 years	<u>104,710,943</u>	<u>106,747,688</u>
	<u>104,710,943</u>	<u>106,747,688</u>

	1 April 2017 £	Financing cash flows £	Amortisation of deal costs £	31 March 2018 £
Non-current interest-bearing loans	106,747,688	(2,576,389)	539,644	104,710,943
Total liabilities from financing activities	<u>106,747,688</u>	<u>(2,576,389)</u>	<u>539,644</u>	<u>104,710,943</u>

In October 2014, the Group entered into a £115,000,000 secured loan agreement. The debt matures in September 2021 and accrues interest quarterly at 7.75% p.a. plus 3 month sterling LIBOR, with a floor set at 3 month sterling LIBOR rate of 1.25%. The Group must comply with certain contractually defined covenants. The Group continues to comply with these covenants.

There is a joint composite guarantee between Aston (XLN) Topco Limited, Aston Bidco Limited, Hamsard 3209 Limited, Hamsard 3219 Limited, Hamsard 3210 Limited, XLN Telecom Holdings Limited, XLN Limited (formerly known as XLN Telecom (No.1) Limited), XLN Telecom Limited, XLN Card Processing Solutions Limited, OneBill Group Limited, OneBill Limited, OneBill Telecom Limited and XLN Energy Limited. This guarantee relates to the secured loan issued by U.S. Bank Trustees Limited (as the security agent) of £115,000,000. This guarantee and debenture is secured by fixed and floating charges over all existing and future assets of the Group.

Notes to the consolidated financial statements

at 31 March 2018

18. Interest bearing loans and borrowings (continued)

On 30 June 2016, the Company received funds from a group undertaking via an intercompany loan amounting to £5,500,000 which the Company used to reduce its outstanding secured debt by the same amount. On 10 August 2017, the Group repaid £776,389 of its secured loan and on 30 September 2017, the Group repaid £1,800,000 (2017: £5,000,000).

The fair value (Level 2) of the secured loan is £104,710,943 (2017: £106,747,688). There were no transfers between Level 1 and Level 2 during the years ended 31 March 2018 and 31 March 2017.

19. Financial assets and liabilities

(a) Financial assets

	<i>31 March 2018</i>	<i>31 March 2017</i>
	£	£
Financial assets at amortised cost		
Trade receivables (note 14)	2,421,407	1,834,288
	<u>2,421,407</u>	<u>1,834,288</u>

Loans and receivables are non-derivative financial assets carried at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties.

(b) Financial liabilities

	<i>31 March 2018</i>	<i>31 March 2017</i>
	£	£
Financial liabilities		
Trade payables (note 16)	4,494,374	4,163,557
Secured loan (note 18)	104,710,943	106,747,688
	<u>109,205,317</u>	<u>110,911,245</u>

Notes to the consolidated financial statements

at 31 March 2018

20. Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the bases of recognition of income and expense for each class of financial asset, financial liability and equity instrument are disclosed in note 1.

Capital management

The Group's capital structure consists of net debt and total equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to the Group's approach to capital management during the year. The main risk to the Group is that its capital structure will not be sufficient to support the growth of the business. There are no externally imposed capital requirements.

The secured loan facility has a requirement for the Group to comply with certain covenant ratios including minimum EBITDA levels and capital expenditure limits. These covenants are monitored regularly and the Group has met all covenant tests to date.

In order to maintain or adjust the capital structure, the Group may use excess cash generated in operations to make additional payments of senior debt, or return capital to loan note holders.

The Group monitors net debt and works to minimise the year-end balance. Net debt is calculated as total borrowings excluding unamortised fees, less cash. Net debt was as follows:

	31 March 2018 £	31 March 2017 £
Total borrowings	104,710,943	106,747,688
Add back unamortised borrowing arrangement fees	2,212,668	2,752,312
Less cash balances	(3,015,435)	(3,249,558)
Net debt	103,908,176	106,250,442

The Group has seen a reduction in net debt in the year.

Financial risk management objectives

The Group's activities expose it to a variety of financial risks including interest rate risk, liquidity risk and credit risk. The Group has negligible exposure to foreign currency risk as all sales and the majority of purchases are denominated in pounds sterling.

The Group's main objectives in managing financial risks are to ensure sufficient liquidity is available to meet its foreseeable needs, and to invest cash assets safely and profitably. Exposure to these risks is regularly reviewed and, where appropriate, the directors will take action to minimise the impact of these risks on the business. At present, the use of derivative financial instruments has not been deemed necessary by the board. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Notes to the consolidated financial statements

at 31 March 2018

20. Financial Instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the Group. The Group is exposed to credit risk on financial assets such as cash and bank balances, and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables, as bank balances are held with financial institutions with high credit ratings.

The amounts recognised in the balance sheet for trade receivables are net of appropriate allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The exposure is spread over a large number of customers, covering a wide range of industry and service sectors. Consequently the Group does not have any significant credit risk exposure to any single counterparty. The carrying amount of financial assets represents the maximum credit exposure at the balance sheet date. See note 14 for further information on trade receivables.

Liquidity risk

Liquidity risk represents the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities, and a revolving credit facility, and by monitoring forecast and actual cash flows on a regular basis. Significant items of capital expenditure, operating expenditure and acquisitions require board approval.

The tables below analyse the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amounts disclosed in the table are the gross contractual undiscounted cash flows based on the earliest date on which the Group can be required to pay.

Gross cash outflows as at 31 March 2018

	<i>Within one year</i>	<i>Between one and two years</i>	<i>Between two and five years</i>	<i>After five years</i>	<i>Debt issue costs</i>	<i>Carrying value</i>
	£	£	£	£	£	£
Floating rate						
Secured loan	-	-	106,923,611	-	(2,212,668)	104,710,943
	-	-	106,923,611	-	(2,212,668)	104,710,943

Gross cash outflows as at 31 March 2017

	<i>Within one year</i>	<i>Between one and two years</i>	<i>Between two and five years</i>	<i>After five years</i>	<i>Debt issue costs</i>	<i>Carrying value</i>
	£	£	£	£	£	£
Floating rate						
Secured loan	-	-	109,500,000	-	(2,752,312)	106,747,688
	-	-	109,500,000	-	(2,752,312)	106,747,688

Notes to the consolidated financial statements

at 31 March 2018

21. Other financial commitments

The Group occupies three leased properties as a tenant, all of which have lease agreements of fewer than ten years in length. The total future value of minimum lease payments due is as follows:

	31 March 2018	31 March 2017
	£	£
Not later than one year	673,305	652,776
Later than one year and not later than five years	1,301,598	1,649,503
Later than five years	407,860	732,736
	<u>2,382,763</u>	<u>3,035,015</u>

22. Called up share capital

		31 March 2018		31 March 2017
<i>Authorised</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary £0.01 Shares – Class A	936,493	9,365	936,493	9,365
Ordinary £0.01 Shares – Class B	35,744	357	35,744	357
Ordinary £0.01 Shares – Class C	227,763	2,278	227,763	2,278
Ordinary £1,000 Shares – Class D	3	3,000	3	3,000
Ordinary £0.01 Shares – Class E	514,287	5,143	514,287	5,143
Deferred £0.01 Shares	83,410	834	70,115	701
Preference £0.000001 Shares – Class A	15,259,079	15	15,259,079	15
Preference £0.000001 Shares – Class B	607,104	1	607,104	1
Preference £0.000001 Shares – Class C	2,631,628	3	2,631,628	3
	<u>20,295,511</u>	<u>20,996</u>	<u>20,282,216</u>	<u>20,863</u>

		31 March 2018		31 March 2017
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary £0.01 Shares – Class A	936,493	9,365	936,493	9,365
Ordinary £0.01 Shares – Class B	35,744	357	35,744	357
Ordinary £0.01 Shares – Class C	208,863	2,089	196,445	1,965
Ordinary £1,000 Shares – Class D	3	3,000	3	3,000
Ordinary £0.01 Shares – Class E	-	-	-	-
Deferred £0.01 Shares	83,410	834	70,115	701
Preference £0.000001 Shares – Class A	15,259,078	15	15,259,078	15
Preference £0.000001 Shares – Class B	607,104	1	607,104	1
Preference £0.000001 Shares – Class C	2,631,625	3	2,631,625	3
	<u>19,762,320</u>	<u>15,664</u>	<u>19,736,607</u>	<u>15,407</u>

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22. Called up share capital (continued)

During the year the Company issued 12,418 ordinary C shares at £0.01 per share (2017: 20,572) and 13,295 Deferred shares at £0.01 per share (2017: nil).

The Company has issued share warrants over 514,287 Ordinary Class E shares which have a nominal value of £0.01 per share. The share warrants can be exercised by the warrant holder at par at any time prior to an exit event.

Rights and conditions of each class of share are as follows:

Ordinary Class A shares together with Ordinary Class E shares have a fixed voting entitlement of 85% where such votes are allocated amongst them in proportion to the number of A shares and E shares held.

Ordinary Class B shares have no voting entitlement.

Ordinary Class C shares have no voting entitlement.

Ordinary Class D shares have a fixed voting entitlement of 15% per share.

Deferred shares are created through a conversion of B shares and/or C shares when acquired by the Group. The Deferred shares have no voting entitlement.

Class A Preference shares have no voting entitlement, are not redeemable, and have a fixed cumulative coupon of 6.0%.

Class B Preference shares have no voting entitlement, are not redeemable, and have a fixed cumulative coupon of 6.0%.

Class C Preference shares have no voting entitlement, are not redeemable, and have a fixed cumulative coupon of 2.5%.

Preference share coupons shall be paid on the occurrence of an exit event. As an exit event has not occurred as at balance sheet date, no coupon has been accrued on the preference shares.

23. Reserves

The following describes the nature and purpose of each reserve within equity:

- Share premium: Amount subscribed for share capital in excess of nominal value.
- Reserve for own shares held: Cost of own shares held by the EBT.

The EBT acquired the following shares in Aston (XLN) Topco Limited during the year ended 31 March 2018:

- 13,295 Class C Ordinary shares with an aggregate nominal value of £132.95. Consideration paid for the shares was £132.95. On acquisition the Class C Ordinary shares converted into Deferred shares.
- 70,854 Class C Preference shares with an aggregate nominal value of £0.04. Consideration paid for the shares was £76,549.

The EBT acquired the following shares in Aston (XLN) Topco Limited during the year ended 31 March 2017:

- 40,240 Class C Preference shares with an aggregate nominal value of £0.04. Consideration paid for the shares was £41,774.

As at 31 March 2018, the EBT held the following shares:

- 176,335 (2017: 105,481) Class C Preference shares with an aggregate nominal value of £0.18 (2017 £0.11);

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23. Reserves (continued)

- 83,410 (2017: 70,115) Deferred shares with an aggregate nominal value of £834 (2017 £701); and,
- 555,000 (2017: 555,000) Class A Preference shares with an aggregate nominal value of £0.55 (2017 £0.55).

The trust has no arrangements to distribute shares to employees and no shares are under option to employees. Any dividends received by the trust will be used for the benefit of employees. All expenses incurred by the trust are settled directly by the Group and charged in the financial statements as incurred.

24. Change in accounting policy

During the year the company reviewed its existing accounting policy in relation to revenue recognition for card processing services. The outcome of that review is that the company believes it more appropriate to defer a proportion of the total amount received, that also includes the amount relating to the terminal itself, over the term of the terminal service contract, rather than recognising all the revenue at the point of the initial sale. The comparative financial information has been amended to reflect this change in accounting policy. The impact is summarised below.

	Effect on 2017 £
<i>Impact on the Statement of comprehensive income</i>	
Decrease in revenue	(20,921)
Increase in cost of sales	(34,900)
Decrease in deferred tax charge	10,606
Decrease in profit for the year	<u>(45,215)</u>

	Effect on 2017 £	Effect on 2016 £
<i>Impact on the Balance Sheet</i>		
Increase in deferred revenue	(388,332)	(367,411)
Increase in onerous contracts provisions	(35,887)	(987)
Increase in deferred tax asset	80,602	69,996
Net movement in net assets as at 31 March	<u>(343,617)</u>	<u>(298,402)</u>

	£
<i>Impact on the Statement of changes in equity</i>	
Decrease in retained earnings as at 1 April 2016	(298,402)
Decrease in profit for the year	(45,215)
Decrease in retained earnings as at 31 March 2017	<u>(343,617)</u>

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25. Related party transactions

There were no arrangements entered into with related parties during the year.

Interest payable of £9,668,595 (2017: £9,978,411) arising on the secured loan was due to and paid to a consortium of funds which, together, hold warrants over 30.13% of the voting shares of the Company.

Refer to note 5 for total compensation paid to key management personnel. The amounts disclosed are the amounts recognised as expense during the year to key management personnel.

26. Controlling party

The directors consider the ultimate controlling party of the Group to be Knud Nellemann.