

Company registration number 07326283 (England and Wales)



MMX COMMUNICATIONS SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Helping you prosper

MMX COMMUNICATIONS SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr S G Griffiths Mr D L Pearce Mr T R Smith
Company number	07326283
Registered office	Unit 100 Solar Park Highlands Road Solihull West Midlands B90 4SH
Auditor	UHY Hacker Young Bradbury House Mission Court Newport Gwent United Kingdom NP20 2DW

MMX COMMUNICATIONS SERVICES LIMITED

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MMX COMMUNICATIONS SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

The directors present the strategic report for the year ended 30 June 2023.

Business Overview

MMX Communications Services Limited (“MMX”) is a leading telecommunications network company dedicated to helping clients simplify operations and maximise performance with our communications network design and build services alongside our skilled repair and SPMS (spare parts management support) capability. Our commitment to quality and extensive industry experience has enabled us to build a strong foundation in the market.

During the year the TXO Group, including MMX and headed by TXO Systems Ltd, was the subject of a management buyout supported by TowerBrook Capital Partners (“Towerbrook”). Towerbrook, a London and New York based international investment firm, acquired a majority stake in the Group to help drive and support management’s ambition to positively deliver growth through further organic expansion and strategic acquisitions.

Strategy and Objectives

i) Strategic Focus

Our strategy continues to be centered on the design, build and maintenance of Microwave radio networks, IP networking and other telecommunications networks. We also support our clients with spare parts management and repair services to extend the life of telecommunications hardware and networks.

ii) Financial Objectives

Financially, we strive for sustainable growth, cost efficiency, and prudent financial management. Our key financial measures are revenue and operating profit performance.

Financial Performance

As shown in the profit and loss account, the company’s revenue for the year ended 30 June 2023 was £11.52m compared to £9.41m in the year ended 30 June 2022; an overall increase of 22%.

The company’s other key performance indicator of its operations is operating profit, which has increased to £1.25m (2022: £0.93m). Operating profit has also increased as a percentage of revenue, from 9.8% in 2022 to 10.8% for the year ended 30 June 2023.

At 30 June 2023 the company had net assets of £0.98m (2022: £1.91m).

MMX COMMUNICATIONS SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Principal risks and uncertainties

The company operates in a competitive market which is a continuing risk to the group and could result in losing sales to its key competitors. The company manages this risk by focusing on quality of service and technical expertise. The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit Risk

The company's principal financial assets are cash, and trade and other receivables. The company's credit risk is primarily attributed to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long term equity and short term debt finance. The company also has liquidity support from its parent company, TXO Systems Limited, if needed.

Sustainability and Corporate Social Responsibility (CSR)

At MMX Communication Services Limited, we are committed to sustainability and CSR. Details of the wider TXO Group's approach to this are given in the consolidated accounts of TXO Systems Limited for the year ended 30 June 2023.

Future Outlook and Going Concern

Looking ahead, we remain optimistic about our future prospects. The Board remains very positive that as a critical network services provider to broad customer base that it has not been negatively impacted by the global pandemic and associated economic conditions. With continuous innovation and a commitment to quality throughout, the foundation for stable growth continues to align with the strategy agreed.

As such the Board is pleased to state that its assessment is that the going concern basis remains appropriate.

On behalf of the board

Mr S G Griffiths
Director

11 March 2024

MMX COMMUNICATIONS SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

The directors present their annual report and financial statements for the year ended 30 June 2023.

Directors

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

Mr S G Griffiths
Mr D L Pearce
Mr T R Smith

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £2,000,000. The directors do not recommend payment of a final dividend.

Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to 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 of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

Positive trading performance continues, with the execution of a well-defined strategy in an established and growing market. Traditional MMX services remain core to the business with good investment and growth alongside a growing portfolio of critical infrastructure projects across a wide customer base. The global move towards more renewable energies, greater efficiency and control in the delivery of utilities services makes this an attractive and developing market. Ever increasing security requirements across critical communications infrastructure further assist in providing a firm platform for growth.

Investment in technology and new capabilities within the wider group has provided additional opportunities for growth and increased our ability to cross-service customers across the TXO and MMX customer base. The ongoing balance of revenue streams and the mixture of reoccurring business and longer-term projects continues to support a resilient and well-balanced financial performance.

As such the Board is pleased to state that its assessment is that the going concern basis remains appropriate.

On behalf of the board

Mr S G Griffiths
Director

11 March 2024

MMX COMMUNICATIONS SERVICES LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

MMX COMMUNICATIONS SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MMX COMMUNICATIONS SERVICES LIMITED

Opinion

We have audited the financial statements of MMX Communications Services Limited (the 'company') for the year ended 30 June 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MMX COMMUNICATIONS SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MMX COMMUNICATIONS SERVICES LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006;
- we assessed the extent of compliance with laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatements, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

MMX COMMUNICATIONS SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MMX COMMUNICATIONS SERVICES LIMITED

To address risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from the financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available 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 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.

Mr John Griffiths (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

13 March 2024

Chartered Accountants
Statutory Auditor

Newport
Gwent
United Kingdom

MMX COMMUNICATIONS SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2023**

		2023	2022
	Notes	£	£
Turnover	3	11,519,417	9,412,647
Cost of sales		(8,102,473)	(6,655,707)
		<hr/>	<hr/>
Gross profit		3,416,944	2,756,940
Administrative expenses		(2,163,154)	(1,829,773)
		<hr/>	<hr/>
Operating profit	4	1,253,790	927,167
Interest receivable and similar income	6	8,455	25
Interest payable and similar expenses	7	(4,419)	(8,716)
		<hr/>	<hr/>
Profit before taxation		1,257,826	918,476
Tax on profit	8	(184,260)	(83,277)
		<hr/>	<hr/>
Profit for the financial year		<u>1,073,566</u>	<u>835,199</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MMX COMMUNICATIONS SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	£	£
Profit for the year	1,073,566	835,199
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,073,566</u>	<u>835,199</u>

MMX COMMUNICATIONS SERVICES LIMITED

**BALANCE SHEET
AS AT 30 JUNE 2023**

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		237,682		223,874
Tangible assets	11		186,887		85,339
			<u>424,569</u>		<u>309,213</u>
Current assets					
Stocks	12	17,360		17,360	
Debtors	13	6,066,400		4,455,366	
Cash at bank and in hand		473,907		482,620	
			<u>6,557,667</u>	<u>4,955,346</u>	
Creditors: amounts falling due within one year	14	(5,899,866)		(3,279,872)	
Net current assets			<u>657,801</u>		<u>1,675,474</u>
Total assets less current liabilities			<u>1,082,370</u>		<u>1,984,687</u>
Provisions for liabilities					
Deferred tax liability	15	97,650		73,533	
			<u>(97,650)</u>	<u>73,533</u>	<u>(73,533)</u>
Net assets			<u>984,720</u>		<u>1,911,154</u>
Capital and reserves					
Called up share capital	17		125		125
Share premium account			22,318		22,318
Capital redemption reserve			1		1
Profit and loss reserves			962,276		1,888,710
Total equity			<u>984,720</u>		<u>1,911,154</u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 11 March 2024 and are signed on its behalf by:

Mr S G Griffiths
Director

Company registration number 07326283 (England and Wales)

MMX COMMUNICATIONS SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£
Balance at 1 July 2021	125	22,318	1	1,053,511	1,075,955
Year ended 30 June 2022:					
Profit and total comprehensive income for the year	-	-	-	835,199	835,199
Balance at 30 June 2022	125	22,318	1	1,888,710	1,911,154
Year ended 30 June 2023:					
Profit and total comprehensive income for the year	-	-	-	1,073,566	1,073,566
Dividends	9	-	-	(2,000,000)	(2,000,000)
Balance at 30 June 2023	125	22,318	1	962,276	984,720

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The capital redemption reserve represents the nominal value of shares repurchased by the company.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

MMX COMMUNICATIONS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

Company information

MMX Communications Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 100 Solar Park, Highlands Road, Solihull, West Midlands, B90 4SH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of TXO Systems Limited. These consolidated financial statements are available from its registered office, Finance & Administration Department, Unit 3, Severn Cross Distribution Park, Newhouse Farm Industrial Estate, Chepstow, Monmouthshire, NP16 6UP.

1.2 Going concern

Positive trading performance continues, with the execution of a well-defined strategy in an established and growing market. Traditional MMX services remain core to the business with good investment and growth alongside a growing portfolio of critical infrastructure projects across a wide customer base. The global move towards more renewable energies, greater efficiency and control in the delivery of utilities services makes this an attractive and developing market. Ever increasing security requirements across critical communications infrastructure further assist in providing a firm platform for growth.

Investment in technology and new capabilities within the wider group has provided additional opportunities for growth and increased our ability to cross-service customers across the TXO and MMX customer base. The ongoing balance of revenue streams and the mixture of reoccurring business and longer-term projects continues to support a resilient and well-balanced financial performance.

The board has prepared forecasts and therefore is confident that the company will be able to meet its debts as they fall due for the foreseeable future and hence they are satisfied that it is appropriate to adopt the going concern basis of accounting.

MMX COMMUNICATIONS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

1 Accounting policies **(Continued)**

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	3 years
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	33% straight line
Office & computer equipment	33% straight line
Motor vehicles	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

MMX COMMUNICATIONS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

1 Accounting policies **(Continued)**

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

MMX COMMUNICATIONS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

MMX COMMUNICATIONS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

1 Accounting policies **(Continued)**

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

As noted in 1.3 above, revenue from contracts is recognised by reference to the stage of completion, this inevitably involves the directors making estimates about the total anticipated costs of contracts and the future costs; these estimates can have a significant effect on revenue recognition and profit.

MMX COMMUNICATIONS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Development costs

Development costs are capitalised when the directors believe that the technical, commercial and financial feasibility can be demonstrated. At 30 June 2023 £1,106,593 (2022: £955,124) of development costs had been capitalised.

Capitalised development costs are being amortised over 3 years.

The assessment of technical, commercial and financial feasibility involves significant judgement. The choice of useful economic life also includes significant judgement and the choice of life can have a significant effect on the company's results.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Repairs and Logistics	5,228,651	4,340,847
Maintenance and Network Build	6,290,766	5,071,800
	<u>11,519,417</u>	<u>9,412,647</u>
	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	<u>11,519,417</u>	<u>9,412,647</u>
	2023	2022
	£	£
Other revenue		
Interest income	<u>8,455</u>	<u>25</u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	2,630	(4,622)
Fees payable to the company's auditor for the audit of the company's financial statements	9,850	10,700
Depreciation of owned tangible fixed assets	73,127	38,736
Amorisation of intangible assets	137,661	117,143
Operating lease charges	<u>361,475</u>	<u>341,529</u>

MMX COMMUNICATIONS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023	2022
	Number	Number
Sales staff	8	5
Warehouse staff	43	39
Finance and administration staff	23	21
Field operating staff	27	25
	<u> </u>	<u> </u>
Total	<u> 101</u>	<u> 90</u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	3,722,999	3,071,578
Social security costs	386,809	333,057
Pension costs	82,524	68,766
	<u> </u>	<u> </u>
	<u> 4,192,332</u>	<u> 3,473,401</u>

6 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	8,455	25
	<u> </u>	<u> </u>

7 Interest payable and similar expenses

	2023	2022
	£	£
Interest on finance leases and hire purchase contracts	4,419	4,713
Other interest	-	4,003
	<u> </u>	<u> </u>
	<u> 4,419</u>	<u> 8,716</u>

8 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	232,613	62,465
Adjustments in respect of prior periods	(72,470)	-
	<u> </u>	<u> </u>
Total current tax	<u> 160,143</u>	<u> 62,465</u>

MMX COMMUNICATIONS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

8 Taxation	(Continued)	
	2023	2022
	£	£
Deferred tax		
Origination and reversal of timing differences	24,117	20,812
	<u> </u>	<u> </u>
Total tax charge	184,260	83,277
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit before taxation	1,257,826	918,476
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	257,854	174,510
Tax effect of expenses that are not deductible in determining taxable profit	274	899
Tax effect of income not taxable in determining taxable profit	-	(519)
Adjustments in respect of prior years	(72,470)	-
Effect of change in corporation tax rate	5,544	(1,593)
Permanent capital allowances in excess of depreciation	(6,942)	(15,267)
Research and development tax credit	-	(117,468)
Revenue items capitalised	-	42,715
	<u> </u>	<u> </u>
Taxation charge for the year	184,260	83,277
	<u> </u>	<u> </u>
9 Dividends		
	2023	2022
	£	£
Interim paid	2,000,000	-
	<u> </u>	<u> </u>

MMX COMMUNICATIONS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

10 Intangible fixed assets

	Development costs
	£
Cost	
At 1 July 2022	955,124
Additions - separately acquired	151,469
	<u>1,106,593</u>
At 30 June 2023	1,106,593
	<u>1,106,593</u>
Amortisation and impairment	
At 1 July 2022	731,250
Amortisation charged for the year	137,661
	<u>868,911</u>
At 30 June 2023	868,911
	<u>868,911</u>
Carrying amount	
At 30 June 2023	237,682
	<u>237,682</u>
At 30 June 2022	223,874
	<u>223,874</u>

11 Tangible fixed assets

	Leasehold improvements	Office & Motor vehicles	computer equipment	Total
	£	£	£	£
Cost				
At 1 July 2022	81,292	438,510	-	519,802
Additions	1,424	109,911	63,340	174,675
	<u>82,716</u>	<u>548,421</u>	<u>63,340</u>	<u>694,477</u>
At 30 June 2023	82,716	548,421	63,340	694,477
	<u>82,716</u>	<u>548,421</u>	<u>63,340</u>	<u>694,477</u>
Depreciation and impairment				
At 1 July 2022	81,292	353,171	-	434,463
Depreciation charged in the year	-	60,811	12,316	73,127
	<u>81,292</u>	<u>413,982</u>	<u>12,316</u>	<u>507,590</u>
At 30 June 2023	81,292	413,982	12,316	507,590
	<u>81,292</u>	<u>413,982</u>	<u>12,316</u>	<u>507,590</u>
Carrying amount				
At 30 June 2023	1,424	134,439	51,024	186,887
	<u>1,424</u>	<u>134,439</u>	<u>51,024</u>	<u>186,887</u>
At 30 June 2022	-	85,339	-	85,339
	<u>-</u>	<u>85,339</u>	<u>-</u>	<u>85,339</u>

12 Stocks

	2023	2022
	£	£
Finished goods and goods for resale	17,360	17,360
	<u>17,360</u>	<u>17,360</u>

MMX COMMUNICATIONS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

13 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	1,659,193	1,413,955
Amounts recoverable on long term contracts	3,807,615	2,370,778
Amounts owed by group undertakings	49,523	7,775
Prepayments and accrued income	410,377	523,166
	<u>5,926,708</u>	<u>4,315,674</u>
	<u><u>5,926,708</u></u>	<u><u>4,315,674</u></u>
Amounts falling due after more than one year:		
Other debtors	139,692	139,692
	<u>139,692</u>	<u>139,692</u>
	<u><u>139,692</u></u>	<u><u>139,692</u></u>
Total debtors	<u>6,066,400</u>	<u>4,455,366</u>
	<u><u>6,066,400</u></u>	<u><u>4,455,366</u></u>

14 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	423,128	515,141
Amounts owed to group undertakings	-	286,248
Corporation tax	232,613	62,283
Other taxation and social security	558,593	400,663
Other creditors	4,339,565	1,652,992
Accruals and deferred income	345,967	362,545
	<u>5,899,866</u>	<u>3,279,872</u>
	<u><u>5,899,866</u></u>	<u><u>3,279,872</u></u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023	Liabilities 2022
	£	£
Balances:		
Accelerated capital allowances	99,515	77,304
Retirement benefit obligations	(1,865)	(1,887)
Unpaid provisions	-	(1,884)
	<u>97,650</u>	<u>73,533</u>
	<u><u>97,650</u></u>	<u><u>73,533</u></u>

MMX COMMUNICATIONS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

15 Deferred taxation **(Continued)**

	2023
Movements in the year:	£
Liability at 1 July 2022	73,533
Charge to profit or loss	24,117
	97,650
Liability at 30 June 2023	97,650

The deferred tax liability set out above relates to accelerated capital allowances and is expected to reverse over the useful economic lives of the related assets.

16 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	82,524	68,766
	82,524	68,766

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2023	2022	2023	2022
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary A shares of 5p each	2,500	2,500	125	125
	2,500	2,500	125	125

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£	£
Within one year	315,994	330,101
Between two and five years	629,824	944,736
	945,818	1,274,837

MMX COMMUNICATIONS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

19 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

The company has taken advantage of the exemption, under FRS 102, Section 33.1a, from disclosing related party transactions with wholly owned subsidiaries within the group.

At the year end the company was owed £875 (2022: £7,775) by TXO Systems Inc, a fellow subsidiary, this being included within debtors falling due within one year. Also at the year end the company was owed £48,648 (2022: owed to £286,248) by TXO Systems Ltd, its parent company, this being included within debtors falling due within one year.

20 Ultimate controlling party

TXO Systems Ltd is the parent of the smallest and largest group of which the company is a member and for which consolidated financial statements are prepared.

Copies of the consolidated financial statements of TXO Systems Ltd are available from: the company's registered office
Finance & Administration Dept Unit 3 Severn Cross Distribution Park, Newhouse Farm Ind Estate, Chepstow,
Monmouthshire, NP16 6UP.

The company has no ultimate controlling party.

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