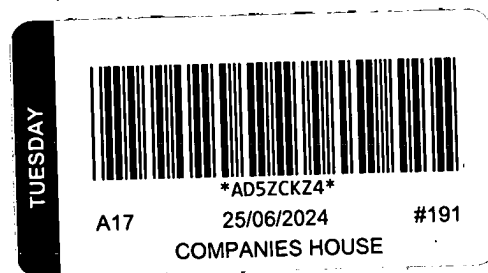


Registered number: 05549559

**CONNECT44 LTD**

**AUDITED STRATEGIC REPORT, DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**



**CONNECT44 LTD**

**COMPANY INFORMATION**

**Directors**

L D Kidel  
J F Rogerson  
F M Schmeer

**Registered number**

05549559

**Registered office**

7th Floor  
1 Station Square  
Bracknell  
Berkshire  
RG12 1QB

**Independent auditors**

Cooper Parry Group Limited  
Statutory Auditor  
New Derwent House  
69-73 Theobalds Road  
London  
WC1X8TA

## CONNECT44 LTD

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## CONNECT44 LTD

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### **Introduction**

The directors present the strategic report and financial statements for the year ended 31 December 2023.

#### **Business review**

The company continued providing telecommunications services and engineering solutions. The principal objective remains to increase market share and maximise shareholder wealth.

#### **Principal risks and uncertainties**

The principal risks and uncertainties surrounding the business are those associated with rapid evolution driven by technological advancements, changing consumer preferences, and regulatory shifts. The directors address these uncertainties at all times by adopting a flexible and dynamic approach to the provision of services and to allow for us to capitalise on these opportunities.

The Directors continually assess the potential impact to the business presented by any force majeure situations and have not experienced any material affect from such occurrences to the operational performance of the business over the past year, nor do they believe that ongoing company operational performance will be materially affected.

#### **Development and Performance**

The directors use sales revenue and gross profit margin to measure performance and track progress. The results for the year and financial position at the year end give a full explanation of the company's performance which was considered very good by the directors considering the competition in the market, and prevailing economic conditions.

#### **Quality & Information Security Management Systems & Risk management**

The Company has continued its commitment to best practice in Quality Management and cyber security. The existing Certified ISO 27001 Information Security Management Systems and practices have been matured and audited (UK, Romania and Germany) and the Iberian operation has achieved ISO 27001 Certification.

Our ISO 9001:2015 Quality Management system, which is certified through BSI, has been re-certified successfully. With respect to the Business Continuity Management System, ISO 22301 Certification was awarded for the UK and now our Romanian entity has gained ISO 22301 Certification. Finally with respect to Environment and Health and Safety ISO 14001 Certification is in place for the UK, and we have also been recommended for the award of ISO 45001.

#### **Research & Development**

The company continued to involve itself in research and development activities on projects, for which it duly claimed relief for, resulting in a corporation tax refund in the year relating to prior periods. It is the intention of the directors to continue this activity through the coming years.

**CONNECT44 LTD**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**Other key performance indicators**

The group strategy to increase sales revenues by winning services direct with the end client and replacing our indirect sales revenue is successfully underway. The consequence of this strategy secured our turnover for 2023 near the 2022 levels (£27.6m 2023 & £28m 2022). Gross margin of 17% for the current year showed a decrease from the 22.2% achieved in 2022, due to price pressures in the UK Telecoms industry. We expect margins to maintain at around this level over the next financial year. Expansion of the client base continues through the business the rewards of which are expected to be achieved in the coming years. Our focus of increasing revenue streams with the end client being the MNOs and Tower Companies and acquiring a deeper client base for the foreseeable future continues.

This report was approved by the board on Jun 20, 2024

and signed on its behalf.



.....  
**J F Rogerson**  
Director

## CONNECT44 LTD

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Principal activity

The principal activity of the company in the year under review was that of the provision of telecommunications services and engineering solutions.

#### Results and dividends

The profit for the year, after taxation, amounted to £982,600 (2022: £684,225).

At present dividends have neither been proposed nor declared, and any decision to declare these will be reserved for a later date.

#### Directors

The directors who served during the year were:

L D Kidel  
J F Rogerson  
F M Schmeer (appointed 1 January 2023)

## CONNECT44 LTD

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

#### Research and Development

The company continues to carry out research and development activities as defined by the Income and Corporation Taxes Act. The R&D projects undertaken seek to achieve advancements in knowledge, capability and optimization of mobile telecom networks, embarking on numerous technical investigations each year in relation to developing and appreciably improving the industry standard of software engineering, over and above the routine work within the projects. The company will continue to invest in research and development activities through competent professionals spending appreciable time to overcome significant technological uncertainty within the field of software and Network Engineering, in an attempt for the company to remain at the forefront of the industry as a leading mobile and fixed network solutions provider.

#### Future Developments

Our Mission to support our clients in the digitalisation process has been supported by the European Partnership with an innovative software house MYX. The initial development is one of Digital Twin, which is creating a big interest in all our Telco Operators and Telco Infrastructure clients. This technology can give longterm cost saving and support the future expansion / swap out of technology on the Radio Base Stations. We see long term service contracts on the horizon for 2024 and beyond.

The Digital Twin offering is giving us the ability to reach out to many new end clients. As new technologies are now being utilised in the market, we must invest in developing our Enterprise Solutions to new clients and develop a custom made service suite. Open RAN technology which is being provided by typically well established IT manufacturers, such as IBM, Aruba HPE, Mavenir, Rakuten, NEC etc. has created new opportunities for Connect44 to supply System Integrator services to these companies or the end client. All these facilities will require Network Monitoring Services, Network Integration and Network Design services via either local Network Operation Centres, nearshore in Bucharest or offshore Kuala Lumpur Malaysia. We will continue to develop our NOC services and we are now NIST compliant. Our Certified Management Systems in Quality (ISO 9001:2015), Information Security (ISO 27001), and Business Continuity (ISO 22301) will be expanded across the group in line with ISO 31000 Risk Management methodology.

The 5G technology in our mobile telecommunications industry is now being rolled out in the major cities and must have 100% coverage of the UK in the near future. The particular technical areas requiring this investment will be Radio Planning, Radio Optimisation, Radio Test driving & analysis, Network Integration and Project Management services. Service provision within these areas represent Connect44's core engineering offering to the industry.

The push within the telecommunication industry to reach net zero carbon foot print is getting stronger and the green thinking is a key asset. We have some Solar Energy telco solutions to offer our clients via our partner company nextE.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Post balance sheet events

There have been no significant events affecting the Company since the year end.

**CONNECT44 LTD**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**Auditors**

The audit business of Haines Watts London LLP was acquired by Cooper Parry Group Limited on 14 November 2023. Haines Watts London LLP has resigned as auditor and Cooper Parry Group Limited has been appointed in its place.

This report was approved by the board on Jun 20, 2024 and signed on its behalf.



.....  
**J F Rogerson**  
Director

## CONNECT44 LTD

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONNECT44 LTD

#### Opinion

We have audited the financial statements of CONNECT44 LTD (the 'Company') for the year ended 31 December 2023, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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 Auditors' 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.

## CONNECT44 LTD

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONNECT44 LTD (CONTINUED)

#### Opinion on other matters prescribed by the Companies Act 2006

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

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

#### Matters on which we are required to report by exception

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

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

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

#### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

## CONNECT44 LTD

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONNECT44 LTD (CONTINUED)

#### **Auditors' responsibilities for the audit of the financial statements**

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

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK tax legislation and other quality standard certifications. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. In assessing the potential risks of material misstatement we obtained an understanding of, the entities operations, including the nature of its revenue sources and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement. We did not identify any matters relating to non-compliance with laws and regulations relating to fraud.

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

**CONNECT44 LTD**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONNECT44 LTD (CONTINUED)**

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Nicola Pearson*

Nicola Pearson (Jun 20, 2024 08:59 GMT+1)

Nicola Pearson (Senior statutory auditor)

for and on behalf of  
**Cooper Parry Group Limited**

Statutory Auditor

New Derwent House  
69-73 Theobalds Road  
London  
WC1X8TA

Date: Jun 20, 2024

**CONNECT44 LTD**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Turnover	4	27,619,727	27,970,835
Cost of sales		(21,696,251)	(21,757,006)
<b>Gross profit</b>		<u>5,923,476</u>	<u>6,213,829</u>
Administrative expenses		(6,743,666)	(5,643,464)
Other operating income	5	1,108,092	59,947
<b>Operating profit</b>		<u>287,902</u>	<u>630,312</u>
Interest receivable and similar income	8	466,767	216,675
Interest payable and similar expenses	9	(608)	(18,930)
<b>Profit before tax</b>		<u>754,061</u>	<u>828,057</u>
Tax on profit	11	228,539	(143,832)
<b>Profit for the financial year</b>		<u>982,600</u>	<u>684,225</u>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<u><u>982,600</u></u>	<u><u>684,225</u></u>

**CONNECT44 LTD**  
**REGISTERED NUMBER: 05549559**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2023**

	Note		2023 £	2022 £
<b>Fixed assets</b>				
Tangible assets	12		157,065	290,457
			157,065	290,457
<b>Current assets</b>				
Debtors: amounts falling due within one year	13	15,060,018	12,010,762	
Cash at bank and in hand	14	525,606	1,525,515	
		15,585,624	13,536,277	
Creditors: amounts falling due within one year	15	(5,511,110)	(4,561,505)	
<b>Net current assets</b>			10,074,514	8,974,772
<b>Total assets less current liabilities</b>			10,231,579	9,265,229
<b>Provisions for liabilities</b>				
Deferred tax	17	(37,548)	(53,798)	
			(37,548)	(53,798)
<b>Net assets</b>			10,194,031	9,211,431
<b>Capital and reserves</b>				
Called up share capital	18		100,000	100,000
Profit and loss account	19		10,094,031	9,111,431
			10,194,031	9,211,431

The financial statements were approved and authorised for issue by the board and were signed on its behalf on Jun 20, 2024



.....  
**J F Rogerson**  
Director

**CONNECT44 LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2023	100,000	9,111,431	9,211,431
<b>Comprehensive income for the year</b>			
Profit for the year	-	982,600	982,600
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>982,600</u>	<u>982,600</u>
<b>At 31 December 2023</b>	<u>100,000</u>	<u>10,094,031</u>	<u>10,194,031</u>

**CONNECT44 LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2022	100,000	8,427,206	8,527,206
<b>Comprehensive income for the year</b>			
Profit for the year	-	684,225	684,225
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>684,225</u>	<u>684,225</u>
<b>At 31 December 2022</b>	<u>100,000</u>	<u>9,111,431</u>	<u>9,211,431</u>

**CONNECT44 LTD**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	982,600	684,225
<b>Adjustments for:</b>		
Depreciation of tangible assets	155,054	205,835
Interest paid	608	18,930
Interest received	(466,767)	(216,675)
Taxation charge	(228,539)	143,832
Decrease in debtors	554,124	9,033,488
(Increase) in other debtors	(3,399,597)	(8,172,435)
Increase/(decrease) in creditors	495,833	(426,999)
Increase/(decrease) in other creditors	692,454	(1,027,104)
Corporation tax	(230,176)	271,931
<b>Net cash generated from operating activities</b>	<b>(1,444,406)</b>	<b>515,028</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(21,662)	(13,125)
Interest received	466,767	216,675
<b>Net cash from investing activities</b>	<b>445,105</b>	<b>203,550</b>
<b>Cash flows from financing activities</b>		
Interest paid	(608)	(18,930)
<b>Net cash used in financing activities</b>	<b>(608)</b>	<b>(18,930)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(999,909)</b>	<b>699,648</b>
Cash and cash equivalents at beginning of year	1,525,515	825,867
<b>Cash and cash equivalents at the end of year</b>	<b>525,606</b>	<b>1,525,515</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	525,606	1,525,515
	<b>525,606</b>	<b>1,525,515</b>

**CONNECT44 LTD**

**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>At 1 January 2023 £</b>	<b>Cash flows £</b>	<b>At 31 December 2023 £</b>
Cash at bank and in hand	1,525,515	(999,909)	525,606
Debt due within 1 year	-	-	-
	<u>1,525,515</u>	<u>(999,909)</u>	<u>525,606</u>

## CONNECT44 LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1. General information

Connect44 Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

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

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and forecasts in making their assessment. Based on these assessments and the current resources available, the Directors have concluded that they can continue to adopt the going concern bases in preparing the annual report and accounts.

##### 2.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

## CONNECT44 LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Income is spread over the term of the contract in order to reflect the level of performance achieved at any point in time. Revenue is recognised on the following basis:

- Managed service fees are recognised on a straight line basis over the life of the contract.
- Consultancy fees are recognised as earned in accordance with the contractual terms.

##### 2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### 2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

##### 2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## CONNECT44 LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. Accounting policies (continued)

##### 2.8 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## CONNECT44 LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. Accounting policies (continued)

##### 2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	Straight line over the life of the lease
Motor vehicles	-	25% on cost
Fixtures and fittings	-	25% on cost
Computer equipment	-	25% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### 2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

##### 2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

CONNECT44 LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.15 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

There is estimation uncertainty in calculating bad debt provisions. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

There is also estimation uncertainty in calculating the year end net book value of tangible fixed assets. Whilst every attempt is made to ensure that depreciation charges are as accurate as possible, there remains a risk that the provisions do not match the ultimate value of assets held.

4. Turnover

Analysis of turnover by country of destination:

The turnover and profit before taxation are attributable to the one principal activity of the company.

	2023 £	2022 £
United Kingdom	26,386,536	27,211,055
Rest of Europe	1,233,191	759,780
	<u>27,619,727</u>	<u>27,970,835</u>

5. Other operating income

	2023 £	2022 £
Other operating income	1,108,092	59,947
	<u>1,108,092</u>	<u>59,947</u>

**CONNECT44 LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**6. Employees**

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

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,994,271	2,507,624
Social security costs	229,272	332,135
Cost of defined contribution scheme	65,874	46,177
	<u>3,289,417</u>	<u>2,885,936</u>

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Project staff	103	109
Administrative staff	33	43
	<u>136</u>	<u>152</u>

**7. Directors' remuneration**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	743,083	536,813
Company contributions to defined contribution pension schemes	3,522	2,642
	<u>746,605</u>	<u>539,455</u>

The highest paid director received remuneration of £375,027 (2022: £270,522).

**8. Interest receivable**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest receivable from group companies	466,767	216,675
	<u>466,767</u>	<u>216,675</u>

**CONNECT44 LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**9. Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Loans from group undertakings	608	18,930
	608	18,930
	608	18,930

**10. Profit before taxation**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Other operating lease	189,965	201,298
Depreciation - owned assets	155,054	205,835
Auditors remuneration	11,970	23,000
Other non-audit services	4,851	9,850
Foreign exchange differences	284,253	53,791
	646,093	493,774
	646,093	493,774

**11. Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	2,707	1,321
Adjustments in respect of previous periods	(214,997)	-
	(212,290)	1,321
	(212,290)	1,321
<b>Deferred tax</b>		
Origination and reversal of timing differences	(16,249)	142,511
	(16,249)	142,511
	(16,249)	142,511
<b>Tax on profit</b>	(228,539)	143,832
	(228,539)	143,832

**CONNECT44 LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 25% (2022: 19%). The differences are explained below:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	754,061	828,057
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2022: 19%)	188,515	157,331
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,083	43,447
Capital allowances for year in excess of depreciation	32,932	(3,331)
Utilisation of tax losses	(105,990)	(188,341)
Other timing differences leading to an increase (decrease) in taxation	-	(5,510)
Non-taxable income	(116,540)	(41,168)
Movement in deferred tax	(16,249)	142,511
Non trade loan relationships	-	37,572
Other tax charge (relief) on exceptional items	-	1,321
Prior year adjustments	(212,290)	-
<b>Total tax charge for the year</b>	<b>(228,539)</b>	<b>143,832</b>

CONNECT44 LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

12. Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
<b>Cost or valuation</b>				
At 1 January 2023	19,573	9,417	69,195	836,922
Additions	-	-	3,435	18,227
At 31 December 2023	<u>19,573</u>	<u>9,417</u>	<u>72,630</u>	<u>855,149</u>
<b>Depreciation</b>				
At 1 January 2023	8,340	9,417	64,941	561,952
Charge for the year on owned assets	5,155	-	3,411	146,488
At 31 December 2023	<u>13,495</u>	<u>9,417</u>	<u>68,352</u>	<u>708,440</u>
<b>Net book value</b>				
At 31 December 2023	<u>6,078</u>	<u>-</u>	<u>4,278</u>	<u>146,709</u>
At 31 December 2022	<u>11,233</u>	<u>-</u>	<u>4,254</u>	<u>274,970</u>
				<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2023				935,107
Additions				21,662
At 31 December 2023				<u>956,769</u>
<b>Depreciation</b>				
At 1 January 2023				644,650
Charge for the year on owned assets				155,054
At 31 December 2023				<u>799,704</u>
<b>Net book value</b>				
At 31 December 2023				<u>157,065</u>
At 31 December 2022				<u>290,457</u>

**CONNECT44 LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**13. Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,342,385	2,012,382
Amounts owed by group undertakings	11,572,032	8,172,435
Other debtors	237,310	135,418
Prepayments and accrued income	908,291	1,690,527
	<b>15,060,018</b>	<b>12,010,762</b>
	<b>15,060,018</b>	<b>12,010,762</b>

**14. Cash and cash equivalents**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	525,606	1,525,515
	<b>525,606</b>	<b>1,525,515</b>
	<b>525,606</b>	<b>1,525,515</b>

**15. Creditors: Amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade creditors	359,571	422,348
Amounts owed to group undertakings	744,296	51,842
Corporation tax	-	340,574
Other taxation and social security	651,446	699,401
Other creditors	1,012,497	566,670
Accruals and deferred income	2,743,300	2,480,670
	<b>5,511,110</b>	<b>4,561,505</b>
	<b>5,511,110</b>	<b>4,561,505</b>

**16. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Within one year	170,665	57,506
Between 1-5 years	14,669	23,548
	<b>185,334</b>	<b>81,054</b>
	<b>185,334</b>	<b>81,054</b>

**CONNECT44 LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**17. Deferred taxation**

	<b>2023</b> £
At beginning of year	(53,798)
Charged to profit or loss	16,249
<b>At end of year</b>	<u><u>(37,549)</u></u>

The provision for deferred taxation is made up as follows:

	<b>2023</b> £	<b>2022</b> £
Accelerated capital allowances	(37,549)	(53,798)
	<u><u>(37,549)</u></u>	<u><u>(53,798)</u></u>

**18. Share capital**

	<b>2023</b> £	<b>2022</b> £
<b>Allotted, called up and fully paid</b>		
100,000 (2022: 100,000) Ordinary shares shares of £1.00 each	<u><u>100,000</u></u>	<u><u>100,000</u></u>

**19. Reserves**

**Profit and loss account**

The profit and loss account includes all current and prior period retained profit and losses.

**20. Pension commitments**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independent administered fund. The pensions cost charge represents contributions payable by the company to the fund and amounted to £65,874 (2022: £43,535).

**21. Related party transactions**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**CONNECT44 LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**22. Controlling party**

Connect 44 AG (incorporated in Switzerland) is regarded by the directors as being the company's ultimate parent company.

The registered office for the ultimate parent company is:

Connect44 AG  
Head Office  
Alpenquai 10  
6005 Lucerne  
Switzerland