

Connect44 Ltd
Strategic Report, Directors' Report and
Financial Statements
for the Year Ended 31 December 2022

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for the year ended 31 December 2022**

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Connect44 Ltd
Company Information
for the year ended 31 December 2022

Directors:

L D Kidel
J F Rogerson
C J Page
A Homewood
F M Schmeer

Registered office:

7th Floor
1 Station Square
Bracknell
Berkshire
RG12 1QB

Registered number:

05549559 (England and Wales)

Auditors:

Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

**Strategic Report
for the year ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

Review of business

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 the fast moving nature of the telecommunications industry which over the last decade has been considered to be the most innovative. The directors address these uncertainties at all times by adopting a flexible and dynamic approach to the provision of services.

The Directors continually assess the potential impact to the business presented by COVID19 and have not experienced a material affect 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

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 now 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 and 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.

Other 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 2022 at the 2021 levels (£28m 2022 & 2021) providing a dynamic foundation for business growth in 2023.

Gross margin of 22.2% for the current year showed a decrease from the 25% achieved in 2021, due to a strengthening of the operational delivery platform over the year. We expect margins to maintain at 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 and acquiring a deeper client base for the foreseeable future continues.

On behalf of the board:

Director

6 June 2023

**Directors' Report
for the year ended 31 December 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

Principal activity

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

Dividends

No dividends will be distributed for the year ended 31 December 2022.

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 activated 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 is a game changer in many cost saving and operative areas. We see long term service contracts on the horizon for 2023.

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 set up a Group Green competence centre in Denmark and we have some Solar Energy telco solutions to offer our clients via our partner company Nexte.

Directors

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

L D Kidel
J F Rogerson
C J Page
A Homewood

Other changes in directors holding office are as follows:

F M Schmeer was appointed as a director after 31 December 2022 but prior to the date of this report.

**Directors' Report
for the year ended 31 December 2022**

Statement of directors' responsibilities

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 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.

Statement as to disclosure of information to auditors

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

Auditors

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

J F Rogerson - Director

6 June 2023

**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 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' Report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 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.

Independent Auditors' Report to the Members of Connect44 Ltd

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 where 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 Statement of Directors' Responsibilities, 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 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.

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.

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

**Independent Auditors' Report to the Members of
Connect44 Ltd**

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 (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

7 June 2023

**Statement of Comprehensive
Income
for the year ended 31 December 2022**

	Notes	2022 £	2021 £
Turnover	3	27,970,835	27,978,314
Cost of sales		<u>(21,757,006)</u>	<u>(20,978,524)</u>
Gross profit		6,213,829	6,999,790
Administrative expenses		<u>(5,643,464)</u>	<u>(5,754,268)</u>
		570,365	1,245,522
Other operating income		<u>59,947</u>	<u>146,767</u>
Operating profit		630,312	1,392,289
Interest receivable and similar income		<u>216,675</u>	<u>76,856</u>
		846,987	1,469,145
Interest payable and similar expenses	6	<u>(18,930)</u>	<u>(1,925)</u>
Profit before taxation	7	828,057	1,467,220
Tax on profit	8	<u>(143,832)</u>	<u>464,348</u>
Profit for the financial year		684,225	1,931,568
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>684,225</u>	<u>1,931,568</u>

Statement of Financial Position
31 December 2022

	Notes	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	9		290,457		483,167
Current assets					
Debtors	10	12,010,762		12,960,528	
Cash at bank and in hand		<u>1,525,515</u>		<u>825,867</u>	
			<u>13,536,277</u>		<u>13,786,395</u>
Creditors					
Amounts falling due within one year	11	<u>4,561,505</u>		<u>5,742,356</u>	
Net current assets			<u>8,974,772</u>		<u>8,044,039</u>
Total assets less current liabilities			<u>9,265,229</u>		<u>8,527,206</u>
Provisions for liabilities	13		53,798		-
Net assets			<u>9,211,431</u>		<u>8,527,206</u>
Capital and reserves					
Called up share capital	14		100,000		100,000
Retained earnings	15		<u>9,111,431</u>		<u>8,427,206</u>
Shareholders' funds			<u>9,211,431</u>		<u>8,527,206</u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 June 2023 and were signed on its behalf by:

J F Rogerson - Director

**Statement of Changes in Equity
for the year ended 31 December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	100,000	6,495,638	6,595,638
Changes in equity			
Total comprehensive income	-	1,931,568	1,931,568
Balance at 31 December 2021	<u>100,000</u>	<u>8,427,206</u>	<u>8,527,206</u>
Changes in equity			
Total comprehensive income	-	684,225	684,225
Balance at 31 December 2022	<u><u>100,000</u></u>	<u><u>9,111,431</u></u>	<u><u>9,211,431</u></u>

Statement of Cash Flows
for the year ended 31 December 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	18	243,097	(502,492)
Finance costs paid		(18,930)	(1,925)
Tax paid		271,931	333,828
Net cash from operating activities		<u>496,098</u>	<u>(170,589)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(13,125)	(71,312)
Interest received		216,675	76,856
Net cash from investing activities		<u>203,550</u>	<u>5,544</u>
Increase/(decrease) in cash and cash equivalents		<u>699,648</u>	<u>(165,045)</u>
Cash and cash equivalents at beginning of year	19	825,867	990,912
Cash and cash equivalents at end of year	19	<u>1,525,515</u>	<u>825,867</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 December 2022**

1. **Statutory 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**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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.

Significant judgements and estimates

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.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding value added tax.

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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	- Straight line over the life of the lease
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Notes to the Financial Statements - continued
for the year ended 31 December 2022

2. Accounting policies - continued

Financial instruments

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

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost at the undiscounted amount. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Taxation

Taxation for year comprises current and deferred tax. Tax is recognised in the income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable or receivable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The company is a beneficiary of Research & Development (R&D) tax relief from the UK Government in the form of reductions in its annual tax liability, as well as repayable tax credits. Current tax assets or reductions in current tax liabilities for R&D claims are only recognised when the amount can be reliably determined and the probability of HM Revenue & Customs accepting the claim is considered high.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued
for the year ended 31 December 20223. **Turnover**

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

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	27,211,055	27,713,964
Europe	759,780	264,350
	<u>27,970,835</u>	<u>27,978,314</u>

4. **Employees and directors**

	2022	2021
	£	£
Wages and salaries	2,507,624	2,646,650
Social security costs	332,135	378,842
Other pension costs	46,177	43,660
	<u>2,885,936</u>	<u>3,069,152</u>

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

	2022	2021
Project staff	109	97
Administrative staff	43	37
	<u>152</u>	<u>134</u>

5. **Directors' emoluments**

	2022	2021
	£	£
Directors' remuneration	<u>536,813</u>	<u>756,174</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	<u>270,522</u>	<u>400,917</u>

6. **Interest payable and similar expenses**

	2022	2021
	£	£
Group interest payable	<u>18,930</u>	<u>1,925</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2022

7. Profit before taxation

The profit is stated after charging:

	2022	2021
	£	£
Other operating leases	201,298	290,736
Depreciation - owned assets	205,835	161,600
Loss on disposal of fixed assets	-	5,951
Auditors remuneration	23,000	20,000
Other non- audit services	9,850	104,500
Foreign exchange differences	<u>53,791</u>	<u>77,376</u>

8. Taxation

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	1,321	(267,366)
Deferred tax	<u>142,511</u>	<u>(196,982)</u>
Tax on profit	<u>143,832</u>	<u>(464,348)</u>

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax charge/(credit) included in profit and loss

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

	2022	2021
	£	£
Profit before tax	<u>828,057</u>	<u>1,467,220</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	157,331	278,772
Effects of:		
Expenses not deductible for tax purposes	43,447	41,939
Income not taxable for tax purposes	(41,168)	-
Capital allowances in excess of depreciation	(3,331)	(16,695)
Utilisation of tax losses	(188,341)	(289,414)
Adjustments to tax charge in respect of previous periods	-	(267,366)
Other adjustments	(5,510)	-
Other taxes	1,321	-
Movement in deferred tax	142,511	(196,982)
Non trade loan relationships	<u>37,572</u>	<u>(14,602)</u>
Total tax charge/(credit)	<u>143,832</u>	<u>(464,348)</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2022

9. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 January 2022	18,992	68,750	9,417	824,823	921,982
Additions	581	445	-	12,099	13,125
At 31 December 2022	<u>19,573</u>	<u>69,195</u>	<u>9,417</u>	<u>836,922</u>	<u>935,107</u>
Depreciation					
At 1 January 2022	3,318	57,325	7,064	371,108	438,815
Charge for year	5,022	7,616	2,353	190,844	205,835
At 31 December 2022	<u>8,340</u>	<u>64,941</u>	<u>9,417</u>	<u>561,952</u>	<u>644,650</u>
Net book value					
At 31 December 2022	<u>11,233</u>	<u>4,254</u>	<u>-</u>	<u>274,970</u>	<u>290,457</u>
At 31 December 2021	<u>15,674</u>	<u>11,425</u>	<u>2,353</u>	<u>453,715</u>	<u>483,167</u>

10. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	2,012,382	3,047,994
Amounts owed by group undertakings	8,172,435	6,148,697
Other debtors	135,418	2,043,361
Deferred tax asset	-	88,714
Prepayments and accrued income	1,690,527	1,631,762
	<u>12,010,762</u>	<u>12,960,528</u>

11. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	422,348	63,837
Amounts owed to group undertakings	51,842	1,078,946
Tax	340,574	67,322
Social security and other taxes	303,300	280,785
VAT	396,101	529,719
Other creditors	566,670	863,401
Group recharge provisions	-	93,164
Accruals and deferred income	2,480,670	2,765,182
	<u>4,561,505</u>	<u>5,742,356</u>

12. Leasing agreements

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

	2022 £	2021 £
Within one year	57,506	185,735
Between one and five years	23,548	60,653
	<u>81,054</u>	<u>246,388</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2022

13.	Provisions for liabilities			2022	
				£	
	Deferred tax			<u>53,798</u>	
					Deferred tax
					£
	Balance at 1 January 2022				(88,714)
	Movement in the year				<u>142,512</u>
	Balance at 31 December 2022				<u>53,798</u>
14.	Called up share capital				
	Allotted, issued and fully paid:				
	Number:	Class:	Nominal value:	2022	2021
				£	£
	100,000	Ordinary shares	£1	<u>100,000</u>	<u>100,000</u>
15.	Reserves				Retained earnings
					£
	At 1 January 2022				8,427,206
	Profit for the year				<u>684,225</u>
	At 31 December 2022				<u>9,111,431</u>
16.	Ultimate parent company				
	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				
17.	Related party disclosures				
	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.				

Notes to the Financial Statements - continued
for the year ended 31 December 2022

18. Reconciliation of profit before taxation to cash generated from operations

	2022	2021
	£	£
Profit before taxation	828,057	1,467,220
Depreciation charges	205,835	161,600
Loss on disposal of fixed assets	-	5,951
Finance costs	18,930	1,925
Finance income	<u>(216,675)</u>	<u>(76,856)</u>
	836,147	1,559,840
Decrease in trade and other debtors	861,052	329,673
Decrease in trade and other creditors	<u>(1,454,102)</u>	<u>(2,392,005)</u>
Cash generated from operations	<u><u>243,097</u></u>	<u><u>(502,492)</u></u>

19. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2022

	31/12/22	1/1/22
	£	£
Cash and cash equivalents	<u>1,525,515</u>	<u>825,867</u>

Year ended 31 December 2021

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	<u>825,867</u>	<u>990,912</u>

20. Analysis of changes in net funds

	At 1/1/22	Cash flow	At 31/12/22
	£	£	£
Net cash			
Cash at bank and in hand	<u>825,867</u>	<u>699,648</u>	<u>1,525,515</u>
	<u>825,867</u>	<u>699,648</u>	<u>1,525,515</u>
Total	<u><u>825,867</u></u>	<u><u>699,648</u></u>	<u><u>1,525,515</u></u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.