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**Company Registration No. SC146564**

**Telecom Service Centres Limited**

**Annual Report and Financial Statements**

**for the year ended 31 December 2021.**



# **Telecom Service Centres Limited**

## **Annual report and financial statements 2021**

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# **Telecom Service Centres Limited**

## **Report and financial statements 2021**

### **Officers and professional advisers**

#### **Directors**

David Turner  
James Allen  
Sandrine Asseraf  
William Macmillan

#### **Registered Office**

1 Central Park Avenue  
Central Business Park  
Larbert  
Falkirk  
FK5 4RX

#### **Registered Number**

SC146564

#### **Banker**

The Royal Bank of Scotland  
6<sup>th</sup> Floor, 2 Marischal Square  
Aberdeen  
AB10 1BL

#### **Solicitors**

Harper Macleod LLP  
The Ca' d'oro  
45 Gordon Street  
Glasgow  
Lanarkshire  
G1 3PE

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2DB

# Telecom Service Centres Limited

## Strategic Report

The directors present their strategic report for the year ended 31 December 2021.

### Business review and future developments

The Company has achieved revenue growth in the current year, with revenue of £180,235k (2020: £172,967k). This is due to the business having won a number of new contracts in the year, as well as increasing revenue from a few existing contracts. In the current financial year, the Company also started the process of integrating the consulting business being delivered through its subsidiary Go Beyond Services Limited, into the company. This has been done by transferring a number of contracts from Go Beyond Services Limited to the Company which has contributed to the increase in revenue.

The Company has achieved a profit before tax of £4,792k (2020: £12,347k) during the financial year. Profit before tax includes a £2,218k gain from favourable foreign exchange movements during the year. Profit has reduced for the year predominantly due to an increase in administrative costs and exceptional costs. Administrative costs have increased by £4,827k as the Company has seen an increase in staff related costs. Exceptional administrative costs have increased by £4,029k of which £2,969k pertains to historic tax liabilities arising in respect of the Growth Securities Ownership Plan (GSOP) and £1,735k pertains to the impairment loss on right of use assets and leasehold properties. These assets have been impaired during the year owing to the reassessment of our ways of working and the real estate needs as part of the Covid-19 response and recovery. The GSOP liability pertains to amounts payable to HMRC after an unfavourable judgement by the First-tier Tribunal in a lead case related to the treatment of GSOP for tax purposes. This has been further explained in the notes to the accounts.

In the year, the Company achieved a number of strategic objectives including:

- Securing several new clients, including strengthening capability in media and financial services;
- Developing our people proposition where we have seen significant improvement in people retention;
- Integrating more closely our Consulting and BPO businesses, allowing investment in capability to strengthen our market proposition whilst retaining the brand differentiation;
- Significantly enhanced our Home Working capability driven primarily from Covid19 requirements, which has resulting in an operating model which will enhance our Client and People proposition; and
- Investment in our IT platforms and more specifically cyber security has seen our business move to become a leader in capability relative to our competitors, recognising that this remains a significant inherent risk in the market.

Whilst new business remains critical to future growth, considerable emphasis continues around margin improvement where there are continued cost and pricing pressures, with increases at Gross margin levels, with the key focus then on:

- Delivering the outcomes to our clients from our investment in capability;
- Focusing on our People Plan to ensure we can retain and attract the best people;
- Delivering against the transformational change required to enable above average margin generation;
- Generating commercially compelling propositions for our current and future clients that meet their financial objectives; and
- Ensuring we optimise our cost base such that we are able to benefit from scale but also re-invest to deliver value to our clients.

The above, together with significant expansion of the wider Webhelp Group bringing greater language capability, the ability to provide both on and offshore voice and non-voice capabilities and our investment in innovation and analytics, provides confidence that we can provide differentiated solutions which will deliver transformational outcomes to our current and future clients.

The outlook and focus for the year ahead will be to ensure Company's long-term sustainability as we continue to adapt to the challenges and opportunities of the dynamic macro environment. Our priorities will be: the health and wellbeing of our employees; ensuring safe working practices; supporting our communities and the evolving needs of our customers and suppliers; and preserving our financial strength so that we are well-placed to benefit from new opportunities as they arise. Although we expect the year ahead to be challenging, we have an agile business model and disciplined focus on our business plan, combined with a robust financial position.

# Telecom Service Centres Limited

## Strategic Report (continued)

These strategic attributes should enable us to deliver a resilient performance in the shorter term and to benefit from the opportunities that our markets offer over the medium and long term.

### Impact of climate change

The UK's Financial Conduct Authority (FCA) issued rules for certain class of companies that have taken effect in 2022 and increased mandatory reporting. Broad, economy-wide, mandatory climate-risk disclosure rules are expected to be in place by 2025. Reporting rules are likely to be aligned with the Task Force for Climate-Related Financial Disclosures' (TCFD). TCFD developed recommendations for "more effective climate-related disclosures" that aimed to provide investors, shareholders, insurers, and others with improved and comparable information regarding the climate risks and opportunities faced by the companies within their portfolios. However, Webhelp as a group does not fall under any of the categories as prescribed by FCA. The Company expects limited impact of climate change on its financial statements.

### Results and dividends

The profit for the year, after taxation, amounted to £5,358k (2020: £10,730k).

The Company has paid dividends during the year amounting to Nil (2020: £22,000k). The Company has not paid any dividends post year-end.

### Key Performance Indicators

	2021	2020
Turnover growth (a)	4.2%	10.0%
Gross margin (b)	33.0%	31.7%
EBITA (c)	8.3%	9.1%
Operating Profit Margin (d)	4.1%	7.5%

#### a) Turnover growth

The annual increase or decrease in revenue as a percentage of revenue from the prior period. The Company aims to increase shareholder value through growth in revenue, linked to profitability. Source data is from the audited financial statements.

The increase in revenue from 2020 is due to the full year impact of business won in the previous year, as well as revenue from new contracts and higher revenue from the consulting business following the transfer of a number of contracts from Go Beyond Services Limited in the year.

#### b) Gross margin (Sales less cost of sales, expressed as a percentage of turnover)

The Company aims to increase shareholder value through growth in gross margin, linked to profitability. Source data is from the audited financial statements.

The gross margin has increased during the current year as in the previous year, margin was impacted by business disruption due to Covid-19 and there has been some recovery during the current year.

#### c) EBITA (Earnings before exceptional costs, interest and taxation and amortization as a percentage of turnover)

The Company aims to increase shareholder value through growth in EBITA. Source data is from the audited financial statements.

EBITA before exceptional administrative costs has reduced slightly from £15,679k to £14,952k due to higher administrative costs linked to the labour market challenges and related cost pressure.

## Telecom Service Centres Limited

### Strategic Report (continued)

#### **d). Operating Profit Margin (Earnings before interest and tax, expressed as a percentage of turnover)**

The Company aims to increase shareholder value through growth in EBIT. Source data is from the audited financial statements.

Operating Profit has reduced from £13,045k to £7,427k due to higher exceptional administrative costs and administrative costs linked to labour market challenges and related cost pressure.

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

The market has seen pressure to continue to reduce costs and enhance revenue which comes into further focus with Brexit, the impact of the Covid-19 and high inflation. We are seeing increased demand for Transformation services which seek to change the operating model of customers by removing both contact volumes and reduce operating cost. We believe we are well placed to address these challenges, with significant access to alternative delivery locations within the wider Webhelp Group, including homeworking options, and our transformation capabilities which enables the business to generate increased returns from reducing our client costs through gain share initiatives. The group is also continuing to invest in automation to ensure we are able to capitalize on this fast-growing area of the market, recognising the full impact remains uncertain as technology evolves.

#### **Financial risk management objectives and policies**

The Company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt and liquidity risk.

The Company's principal financial instruments comprise sterling cash and bank deposits, trade debtors and trade creditors which arise directly from its operations.

The main risks arising from the Company's financial instruments can be analysed as follows:

##### ***Foreign exchange risk***

The Company is exposed in its trading operations to the risk of changes in foreign currency exchange rates. The main foreign currencies in which the Company operates are the Euro, the South African Rand and the Indian Rupee. Management monitors the level of overall exposure and where considered appropriate the risk is covered by the purchase of forward exchange contracts and options.

##### ***Credit risk***

The Company's principal financial assets are bank balances and trade debtors. The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer. The highest concentration of credit risk is monitored alongside the credit ratings of customers. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Company's management based on prior experience and their assessment of the current economic environment. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

##### ***Liquidity risk***

The Company's policy has been to ensure continuity of funding for operations via facilities where limits have been established based on the growth requirements of the business, together with bank loans and through acquiring an element of the Company's fixed assets under finance leases or hire purchase contracts as appropriate. The Company has an Invoice Finance Facility with RBS and HSBC and other available Group facilities, providing flexibility to meet the growth requirements of the business.

##### ***Cash flow interest rate risk***

Interest bearing assets comprise cash and bank deposits and intercompany receivables and payables all of which earn interest at a rate linked to LIBOR or EURIBOR which has been replaced by SONIA (Sterling Overnight Interbank Average Rate) in 2022. The interest rate on borrowings is at market rate. Debt interest rates are based on fixed rates above LIBOR or EURIBOR which has been replaced by SONIA (Sterling Overnight Interbank Average Rate) in 2022 for the duration of the loan periods. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial performance of the company.

## **Telecom Service Centres Limited**

### **Strategic Report (continued)**

#### **Section 172(1) statement**

##### ***Stakeholder engagement***

The directors set out their section 172(1) statement in accordance with the Companies Act 2006 in relation to stakeholder engagement for the year ended 31 December 2021.

The Board recognises the long-term success of the wider Webhelp Group is strongly correlated to a positive interaction with all of its stakeholders. Effective engagement allows the Board to understand relevant stakeholder views on material issues which may impact the business and helps to inform the Board's decision making. Stakeholder engagement is ultimately managed and owned by the Webhelp Group Board of Directors but takes place at all levels within the organisation.

At the heart of our engagement is establishing a Business Plan for longer term planning, which is also reflected in our shareholder base who are investing for longer term gains and not just short-term returns. Accordingly, we have a Business Plan which sets out our intentions and goals over the next 5 years and this is supported by annual strategic objectives which allows us to keep focus on the glidepath to achieving this plan. This allows the business to encourage the adoption of strategic initiatives, rather than short-term gains. This includes the directors' engagement with each of its stakeholders.

Webhelp is focused on ensuring it adheres to high standards of Corporate Responsibility with plans to engage with its customers, suppliers, people and communities in a mutually sustainable manner. We always aim to act fairly across all our stakeholders and create a longstanding reputation as a Group where people want to work, customers want to give us their business and suppliers want to provide us their services, whilst at the same time ensuring the Group maintains the highest levels of ethical standards and support for its community and environment.

##### ***Employees***

Our employees are critical to the delivery of our strategy and the future growth of the business. The directors empower each colleague throughout the business, encouraging each to solve problems at their own level. Through a wide range of training and development programmes we are able to develop our people so we can promote from within and provide long term and fulfilled careers across the Group.

The Company runs a program to recognise exceptional performance on monthly basis. The Star award ceremonies held each year celebrate our employees who have demonstrated outstanding customer service, including each area of the business who support our frontline colleagues. Each and every one of these events has been led and presented by the Group Chief Executive for more than 10 years and more than 200 awards presented to date.

The directors also engage with employees in a number of formal and informal ways, including Management Brief newsletters, and the monthly senior management Leadership meeting led by the Group Chief Executive. In addition, the directors meet sector specific operating committees on a regular basis and will frequently take the opportunity to engage with employees on site visits. More recently, the Senior Executives have hosted a series of Digital Philosophy courses, which all employees have been invited to attend. Each of our locations are represented by elected Employee Ambassadors, who help with local decision making, the involvement of employees in local activity and the communication of wider messages.

Employee engagement is a key metric for the Group and the results from the annual employee engagement survey are fed back to the Group leadership team. The directors have supported the Group-wide employee wellbeing strategy, Webhealth which amongst other features provides free support to employees for personal health, financial and counselling matters.

The 10 Year Club recognises our long service colleagues by welcoming them to an annual event at the Group's headquarters hosted by the Group Chief Executive.

##### ***Customers***

The Board of directors supports our business by engaging with our future, new and existing customers. We strive to develop enduring partnerships with our customers and drive continuous improvement and innovation into our operations to drive long-term relationships across each of our businesses. To achieve this, the directors take the time to understand the real and perceived needs of our customers, which they do through actively maintaining close relationships and engaging in regular customer surveys and feedback programmes. Continuous improvement is at the heart of our operations, driving out waste and improving efficiencies for our customers. Each of our large accounts has

## Telecom Service Centres Limited

### Strategic Report (continued)

an executive sponsor who is responsible for ensuring the overall health of the relationship and that the objectives are being met for each party.

#### *Suppliers*

The core of Webhelp's business is managing complex customer management solutions for our customers and therefore it is essential to work with our suppliers in an ethical manner. We engage closely with suppliers, because we rely on them to provide us with products and services which meet our stringent quality and performance requirements, which in turn allows us to fulfil our commitments to our customers. This engagement will be at an operational level on a day-to-day basis to ensure our expectations are met from a quality and delivery perspective or at director level in relation to more strategic discussions. The Group has instilled a culture of ensuring we pay suppliers in line with commercially agreed payment terms.

Long-term agreements are entered into with key suppliers where appropriate and performance targets are regularly agreed with suppliers to align with our drive for continuous improvement. We have strong codes of conduct in relation to Anti-Bribery and Corruption, Criminal Finances, Human Trafficking and Modern Slavery legislation, this zero-tolerance culture being driven by the Board of directors.

#### *Our community and the environment*

We recognise each of our businesses has an important role to play in its local community. We also acknowledge the impact of our business on the wider society. The Group, led by the directors, has been actively engaged with its community. We continue to seek out new ways to engage with our local communities and improve our environmental credentials. These are matters which are regularly discussed by the directors at the Group Board and Group leadership team meetings.

#### *Regulatory bodies*

The wider Group aims to maintain the highest standards of conduct with each of the regulatory bodies it engages with. It does not adopt aggressive policies aimed to maximise short-term returns, instead the directors support a principled and moral way of doing business. We publish a number of our policies on our website including our zero tolerance to unethical matters such as bribery and corruption, along with maintaining transparent and fair policies with each of our stakeholders such as those reported in the Group tax strategy and gender pay report. We maintain a regular dialogue with government bodies and regulators, and actively participate in various industry working groups and trade representative bodies. This enables us to engage in discussions regarding future policy development and planned regulatory changes, and to identify potential opportunities and risks for the business.

Approved by the Board of Directors  
and signed on behalf of the Board



William MacMillan  
Director

31 January 2023

# Telecom Service Centres Limited

## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

### Principal activity

The principal activity of the Company is the provision of customer experience solutions through the operation of outsourced contact centres.

### Directors

The directors, who served during the year and up to the date of this report were as follows:

David Turner  
Frederic Jousset (Resigned on 22 Jan 2021)  
Dean Hartley (Resigned on 04 Feb 2022)  
James Allen  
Sandrine Asseraf  
William Macmillan (Appointed on 04 Feb 2022)

### Results and dividends

The profit for the year, after taxation, amounted to £5,358k (2020: £10,730k).

The Company has paid a dividend during the year amounting to Nil (2020: £22,000k). No dividend was paid post year end.

### Going concern

The directors have prepared profit and cash flow forecasts up to 12 months from the date of accounts signing which indicate that the Company can continue to trade and meet financial and other commitments as they fall due throughout that period.

The Company has a committed credit facility of £13,000k and an uncommitted credit facility of £22,000k with fellow group company, Webhelp SAS. The loans have not yet been drawn down. The Company also has access to a £12,500k non-recourse invoice discounting facility with RBS, which is drawn down for short-term working capital requirements. The unused amount of this facility as of December 2022 is £12,500k.

The Company has also agreed to support its immediate parent company Webhelp Management (Service) UK Limited, intermediate parent companies Webhelp UK Trading Limited and Webhelp UK Holdings Limited and its direct subsidiary Go Beyond Services Limited to the extent that they cannot meet their liabilities for the 12 months ended 31 December 2022.

The Company has a strong cash position as of the balance sheet date with cash balance of £12,875k. The Company is profitable despite Covid-19 disruption and generated cash through all of 2021. Cash balance as at 31 December 2022 being £10,352k.

Based on their assessments, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the twelve months from the date of signing as well as having the ability to support the various other companies in the Webhelp UK group as detailed above. Accordingly, the financial statements have been prepared on the going concern basis.

### Director's indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

### Environmental matters

The Company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period covered by this report the Company has not incurred any fines or penalties or been investigated for any breach of environmental regulation. The Company is ISO 14001 accredited.

## Telecom Service Centres Limited

### Directors' Report (continued)

#### Carbon reporting

As an unquoted large company incorporated in the UK, we comply with all mandatory energy and carbon reporting regulations. A report on all the emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 is given below. We have employed the Operational Control definition to outline our carbon footprint boundary; included within that boundary are Scope 1 and 2 emissions from offices which we own and operate. Excluded from our footprint boundary are emissions from offices which we do not own and control and emissions considered non-material by the business. We have reported on emissions from Scope 1 and 2 emissions sources and selected Scope 3 emissions sources (business air travel). We have used the streamlined energy and carbon reporting guidance published by the UK's Department for Business, Energy & Industrial Strategy (BEIS). Emission factors were sourced from the UK Government's GHG Conversion Factors for Company Reporting 2019 and the International Energy Agency's Emissions Factors (2019 edition).

	Current reporting year Jan 2021 – Dec 2021
	UK and offshore
Energy consumption used to calculate emissions:	kWh from invoices > Converted to kgCO <sub>2</sub> e > T CO <sub>2</sub> e *Please note conversion factors from 2021 are taken from: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021</a> .
Emissions from combustion of gas tCO <sub>2</sub> e (Scope 1)	824.47 tCO <sub>2</sub> e
Emissions from combustion of fuel for transport purposes (Scope 1)	3.39 tCO <sub>2</sub> e  1250 L from 1 x Company Van 100 L from Generators  1350 L of Diesel.* 2.51233/1000 (2021 conversion factor for Diesel)
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	21.749 tCO <sub>2</sub> e  76,169.94 miles  8,656.71 L * Conversion (2.51233)/1000
Emissions from purchased electricity (Scope 2, location-based)	1104.79 tCO <sub>2</sub> e

## Telecom Service Centres Limited

### Directors' Report (continued)

Total gross CO 2e based on above -	1932.65 tCO2e  Scope 1 + Scope 2
Intensity ratio: tCO2e gross figure based from mandatory fields above/ e.g. £100,000 rev	tCO2e / Average FTE
Methodology	<p><b>Scope 1 (Gas)</b></p> <p>Total Consumption (kWh) * Conversion Factor (0.18316) / 1000 = tCO2e</p> <p><b>Scope 1 (Diesel)</b></p> <p>Total Diesel (L) * Conversion Factor (2.51233)/1000 = tCO2e</p> <p><b>Scope 2 (Electric)</b></p> <p>Total Consumption (kWh) * Conversion Factor (0.21233) / 1000 = tCO2e</p>

In the period covered by the report the Company has installed LED lighting at one site replacing old fluorescent tubes and making the building 100% LED across all floors. Dedicated resource to energy management was applied at all sites including attentive monitoring and changes being made where buildings were either closed or reduced headcount to comply with COVID guidelines. We have also installed a live monitoring system that will alert us within 30 mins where a site's baseline consumption has increased compared via baseline. Heating, ventilating, air conditioning (HVAC) and all other sustainable energy units (SEUs) are maintained regularly to ensure efficient running where possible. Operational control such as passive infrared receivers (PIRs) & building management systems (BMS) are installed. In this year we retained both ISO 14001 & ISO 50001 certifications.

Webhelp have not purchased any carbon credits in 2021. We also have no renewable energy on site however we have approved budget to install panels in current financial year.

#### Employees

The Board pursues policies designed to encourage employees to identify with the company and use their knowledge and skills actively towards its success. Management is encouraged to make employees aware of the financial and economic factors affecting the Company's performance.

Full consideration is given to employment applications from disabled persons who have the necessary aptitudes and abilities. Where an employee becomes disabled whilst employed, arrangements are made wherever practicable to maintain employment. The Company seeks to develop the skills of disabled persons by providing appropriate training, taking into account their particular needs.

We recognise the importance of clear communication and proactive engagement with our key stakeholders. Further detail on the engagement with employees undertaken during the year appears as part of our Section 172 statement on page 5.

## Telecom Service Centres Limited

### Directors' Report (continued)

#### Corporate Governance

The business has not aligned to a specific Corporate Governance Code on the basis that we already following strong corporate governance rules and as a private business it is not mandated to formally report against a Code. As a regulated entity we do however follow best practice and adhere to the strict regulatory requirements, as enforced by our Chief Risk Officer.

#### Stakeholder Engagement

We recognise the importance of clear communication and proactive engagement with our stakeholders and further detail on the engagement with stakeholders undertaken during the year appears as part of our section 172 statement on page 5.

We have disclosed management of customer and supplier engagement within the strategic report.

#### Matters covered in the strategic report

The business review and future developments, financial risk management objectives and policies and the key performance indicators have been included in the Strategic report on pages 2-7.

#### Events after the balance sheet date

The Company has vacated three rental properties located in Greenock, Glasgow and Sheffield post year end as these buildings were no longer required as a result of the increase in employees working from home because of the Covid-19 pandemic. A provision of £430k has been recognised in respect of right of use assets and a provision of £1,305k in respect of leasehold improvements regarding these 3 properties. Further, an accrual of £1,209k has been recognised in respect of dilapidations.

On 1 January 2023, the Company hived up the assets and liabilities of its wholly owned subsidiary, Go Beyond Services Limited. It is expected that Go Beyond Services Limited will then be liquidated during 2023. This has no impact on the financial statements at the balance sheet date.

#### Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



William MacMillan  
31 January 2023

## **Telecom Service Centres Limited**

### **Directors' responsibilities statement**

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), including FRS 101 "Reduced Disclosure Framework". 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Telecom Service Centres Limited

## Independent auditor's report to the members of Telecom Service Centres Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Telecom Service Centres Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### 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 Financial Reporting Council's (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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- financing facilities including nature of facilities, repayment terms and covenants
- linkage to business model and medium-term risks
- assumptions used in the forecasts
- amount of headroom in the forecasts (cash and covenants)
- sensitivity analysis
- sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management

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.

## Telecom Service Centres Limited

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.

### 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.

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

### Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and

## **Telecom Service Centres Limited**

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team and with Valuations and Financial Instrument specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- **Revenue recognition cut-off risk:** Due to the company working on clients around year-end, with billing taking place post year-end, there exists a risk that revenue is recognised in the incorrect accounting period. As part of our audit procedures, we selected a sample of invoices from the period immediately preceding and post the year-end date and agreed to the relevant supporting documentation to verify that revenue had been recognised in the correct accounting period. We also selected a sample from the accrued income balance at year-end and ensured invoices raised post year-end reflected the amount accrued.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **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.

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 any material misstatements in the strategic report or the directors' report.

## Telecom Service Centres Limited

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

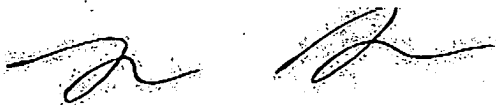
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

### 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.



James Boyle, CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Edinburgh, United Kingdom

31 January 2023

## Telecom Service Centres Limited

### Profit and loss account For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	180,235	172,967
Cost of sales		<u>(120,798)</u>	<u>(118,137)</u>
<b>Gross profit</b>		59,437	54,830
Administrative expenses		(46,790)	(41,963)
Exceptional administrative expenses	4	<u>(5,326)</u>	<u>(1,297)</u>
Total administrative expenses		(52,116)	(43,260)
Other operating income	3	<u>106</u>	<u>1,475</u>
<b>Operating profit</b>	5	7,427	13,045
Interest receivable and similar income	9	291	374
Interest payable and similar expenses	10	(1,881)	(1,072)
Exceptional interest payable	4	<u>(1,045)</u>	<u>-</u>
<b>Profit before taxation</b>		4,792	12,347
Tax credit/ (charge) on profit	11	<u>566</u>	<u>(1,617)</u>
<b>Profit for the financial year attributable to the owners of the Company</b>		<u>5,358</u>	<u>10,730</u>

All amounts are derived from continuing operations.

No separate statement of comprehensive income has been presented because the Company has no other comprehensive income other than the profit for the financial year.

## Telecom Service Centres Limited

### Balance Sheet As at 31 December 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Goodwill	12	769	769
Intangible assets	13	3,100	2,053
Tangible assets	14	8,710	10,131
Right of use assets	15	13,120	17,561
Investments	16	41,120	41,120
		<u>66,819</u>	<u>71,634</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	71,414	81,656
Debtors: amounts falling due after more than one year	17	1,174	5,153
Cash at bank and in hand		12,875	15,455
		<u>85,463</u>	<u>102,264</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	18	(64,035)	(87,188)
Provisions	19	(4,958)	-
		<u>(68,993)</u>	<u>(87,188)</u>
<b>Net current assets</b>		<u>16,470</u>	<u>15,076</u>
<b>Total assets less current liabilities</b>		<u>83,289</u>	<u>86,710</u>
<b>Creditors: amounts falling due after more than one year</b>	20	<u>(10,977)</u>	<u>(19,756)</u>
<b>Net assets</b>		<u>72,312</u>	<u>66,954</u>
<b>Capital and reserves</b>			
Called up share capital	23	830	830
Share premium account	24	614	614
Revaluation reserve	24	400	400
Capital redemption reserve	24	29	29
Profit and loss account		70,439	65,081
<b>Total equity shareholders' funds</b>		<u>72,312</u>	<u>66,954</u>

The financial statements of Telecom Service Centres Limited, registered number SC146564 were approved by the Board of Directors on 31 January 2023.

Signed on behalf of the Board of Directors



William Macmillan  
Director

## Telecom Service Centres Limited

### Statement of changes in equity For the year ended 31 December 2021

	<b>Called-up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Share premium account £'000</b>	<b>Capital redemption reserve £'000</b>	<b>Revaluation reserve £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2020</b>	830	76,351	614	29	400	78,224
Profit for the financial year end total comprehensive income	-	10,730	-	-	-	10,730
Dividend paid (refer note 25)	-	(22,000)	-	-	-	(22,000)
<b>Balance at 31 December 2020</b>	<u>830</u>	<u>65,081</u>	<u>614</u>	<u>29</u>	<u>400</u>	<u>66,954</u>
Profit for the financial year and total comprehensive income	-	5,358	-	-	-	5,358
<b>Balance at 31 December 2021</b>	<u><u>830</u></u>	<u><u>70,439</u></u>	<u><u>614</u></u>	<u><u>29</u></u>	<u><u>400</u></u>	<u><u>72,312</u></u>

# Telecom Service Centres Limited

## Notes to the financial statements For the year ended 31 December 2021

### 1. Accounting policies

#### 1.1 General information

Telecom Service Centres Limited is a private company limited by shares which is incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the directors' report on page 8.

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments.

The financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates and have been presented in round thousands (£000).

#### 1.2 Disclosure exemptions adopted

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 'Reduced Disclosure Framework':

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- IFRS 2, 'Share based payments';
- IAS 36, 'Impairment of assets' paragraphs 134 and 135;

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

- IFRS 15, 'Revenue from contracts with customers': second sentence of paragraph 110, and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129; and
- IFRS 16, 'Leases': paragraph 52, the second sentence of paragraph 89 and paragraphs 90, 91 and 93. Paragraph 58, provided that the disclosure of details of indebtedness required by paragraph 61(c) of Schedule 1 of the Regulations is presented separately for lease liabilities and other liabilities in total.

Where relevant, equivalent disclosures have been given in the group financial statements of Groupe Bruxelles Lambert (refer note 27).

#### 1.3 Exemption from the preparation of consolidated financial statements

The financial statements contain information about Telecom Service Centres Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the financial statements of Groupe Bruxelles Lambert, a Company incorporated in Belgium.

The largest group of undertakings in which the results of the Company are consolidated is headed by Parjointco NV. These financial statements are available from Veerkade 5, Rotterdam, South Holland, 3016 DE Rotterdam. The smallest group of undertakings in which the results of the Company are consolidated is headed by Groupe Bruxelles Lambert, a Company incorporated in Belgium. These financial statements are available from Avenue Marnix 24, 1000 Bruxelles, Belgium.

#### 1.4 Going concern

The directors have prepared profit and cash flow forecasts up to 12 months from the date of accounts signing which indicate that the Company can continue to trade and meet financial and other commitments as they fall due throughout that period.

The Company has a committed credit facility of £13,000k and an uncommitted credit facility of £22,000k with fellow group company, Webhelp SAS. The loans have not yet been drawn down. The Company also has access to a £12,500k non-recourse invoice discounting facility with RBS, which is drawn down for short-term working capital requirements. The unused amount of this facility as of December 2022 is £12,500k.

The Company has also agreed to support its immediate parent company Webhelp Management (Service) UK Limited, intermediate parent companies Webhelp UK Trading Limited and Webhelp UK Holdings Limited and its direct subsidiary Go Beyond Services Limited to the extent that they cannot meet their liabilities for the 12 months ended 31 December 2022.

The Company has strong cash position as of balance sheet date with cash balance of £12,875k. The Company is profitable despite of Covid-19 disruption and generated cash through all of 2021. Cash balance as at 31 December 2022 being £10,352k.

Based on their assessments, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future as well as having the ability to support the various other companies in the Webhelp UK group as detailed above. Accordingly, the financial statements have been prepared on the going concern basis.

#### 1.5 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a service to a customer.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 1. Accounting policies (continued)

IFRS 15 states that control means the ability to prevent others from directing the use of, and receiving the benefit from, a service.

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.

In respect of contracts for ongoing services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Such turnover is recognised by reference to work conducted to date (stage of completion) using time sheet data.

Revenue from a contract to provide services is recognised in the period in which the services are provided. The supply of temporary labour is recognised on an accruals basis as the hours are worked, subject to acceptance by the customer of delivery under the contract.

Consideration received for services not yet performed is initially deferred, included on the balance sheet and recognised as revenue in the period when the service is performed.

#### 1.6 Intangible assets

Intangible fixed assets in respect of contract rights are stated at cost less amortisation. Amortisation is provided on a straight-line basis to write off the intangible fixed asset over the life of the contract acquired.

Intangible fixed assets in respect of computer software are stated at cost less amortisation. Amortisation is provided on a straightline basis to write off the intangible fixed assets over the life of the software licence.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets within administrative expenses. Subsequent expenditures on the maintenance of computer software are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit and loss account within other income or other expenses.

#### 1.7 Impairment of intangible and tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 1. Accounting policies (continued)

A reversal of an impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.8 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the Company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probably and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead, it is reviewed annually for impairment with any impairment in carrying value being charged to profit and loss account. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

##### 1.9 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

##### Land and buildings

Land and buildings held for use in the business is stated at its deemed cost, being the fair value of the assets on transition to FRS 101.

##### Other plant, property and equipment (PPE)

PPE is measured at cost less accumulated depreciation and impairment losses.

Land is not depreciated. Depreciation on other assets 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:

Buildings	- 2% on valuation
Motor vehicles	- 20% on cost
Fixtures & fittings	- 20% on cost
Computer equipment	- 25% on cost
Leasehold improvements	- Over the term of the lease

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 1. Accounting policies (continued)

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 within 'other operating income' in the Profit and loss account.

#### 1.10 Leases

##### *Leases – as lessee*

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability for all leasing arrangements, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (less than £5,000). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

##### *Lease liability – initial measurement*

The lease liability is initially measured at the present value of the lease payments, excluding payments made at or before the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

##### **Lease payments included in the measurement of the lease liability comprise:**

- fixed lease payments (including in-substance fixed payments); and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments are not included in the determination of the lease liability and are charged to the profit and loss in the period that they arise. (Applicable for car lease rentals)

##### *Lease liability – subsequent measurement*

The lease liability is subsequently measured at amortised cost.

The lease liability is remeasured, with a corresponding adjustment to the related right-of-use asset, whenever:

- the lease term has changed in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

##### *Right-of-use assets*

The right-of-use asset is initially measured at the initial amount of the lease liability adjusted for:

- lease payments made at or before the commencement day, less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 1. Accounting policies (continued)

##### 1.11 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.

##### 1.12 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.

##### 1.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

###### Financial assets

###### Fair value through profit and loss account

This category comprises only in-the-money derivatives. These are carried in the balance sheet at fair value with changes in fair value recognised in the profit and loss account.

###### Loans and receivables

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

###### Loans and receivables - continued

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the term's receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the profit and loss account. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

###### Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 1. Accounting policies (continued)

##### At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

##### Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and the bank balance.
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

The Company believes that, considering their nature of business and past history, the expected credit loss in relation to its trade receivables and other financial assets is non-existent. Thus, the Company has not recognised any provision for expected credit loss. The Company reviews this policy annually, if required.

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required consider:

All contractual terms of the financial assets (including prepayment and extension) over the expected life the assets. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### 1.14 Government grants

Government grants are not recognised until there is reasonable assurance that the Company has complied with the conditions attaching to them and that the grants will be received.

Government grants received on capital expenditure are initially recognised within deferred income on the Company's balance sheet and are subsequently recognised in the profit and loss account on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of profit and loss account within other income in the periods in which the expenditure is recognised.

Utilised Government cost support - The Covid-19 Job Retention Scheme was implemented by the government of the United Kingdom in the prior year from 1 March 2020, where those employees designated as being 'furloughed workers' were eligible to have 80 per cent of their wage costs paid up to a maximum of £2,500 per month.

From 1 July 2021, the level eligibility reduced to 70 per cent of wage costs and up to a maximum of £2,187.50 per month. The Group's last claim was in July 2021. The total amount of such relief received by the Group amounted to £106k (2020: £1,475k) and shown separately as part of other income in the Income statement. There are no unfulfilled conditions or contingencies relating to these schemes.

#### 1.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 1. Accounting policies (continued)

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 1.16 Operating expenses

Operating expenses are recognised in the profit and loss account upon utilisation of the service or as incurred.

##### 1.17 Exceptional items

Exceptional items are defined as items of income or expenditure which, in the opinion of the directors, are material and unusual in nature or of such significance that they require separate disclosure on the face of the profit and loss account.

##### 1.18 Finance costs

Finance costs are charged to the profit and loss account 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 expensed as incurred.

##### 1.19 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 payments obligations.

The contributions are recognised as an expense in the profit and loss account 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.

##### 1.20 Interest income

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

##### 1.21 Foreign currency translation

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the profit and loss account.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Where a gain or loss on a non-monetary item is recognised in other comprehensive income the foreign exchange component of that gain or loss is also recognised in other comprehensive income.

##### 1.22 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. If the effect is material, expected future cash flows are discounted using the pre-tax rate that reflects, where appropriate, the risks specific to the liability.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 1. Accounting policies (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow is remote.

#### 1.23 Equity, reserves and dividend payments

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity.

Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

#### 1.24 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change 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 reporting 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 reporting date.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be offset.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 1. Accounting policies (continued)

##### 1.25 Critical accounting judgements and key sources of estimation uncertainty

When preparing the financial statements, management makes a number of judgements about the recognition and measurement of assets, liabilities, income and expenses.

##### Significant management judgements

The following are significant management judgements, in applying the accounting policies of the Company that have the most significant effect on the financial statements.

There are no significant judgements in respect of these financial statements.

##### Estimates and assumptions

In the process of applying the Company's accounting policies, management has made the following estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### Impairment of Right of Use assets and Dilapidations Provision

The Company has reviewed and re-evaluated its real estate footprint based on the current working environment and future business requirements keeping in mind future ways of working. Based on this assessment and discussions legal team, the Company has decided to exit sites at Greenock, Glasgow and Sheffield. Accordingly, the Company has recognised £1,305k in respect of the impairment leasehold improvements and £430k in respect of the impairment of right of use assets. The Company has also booked an accrual of £1,036k during the year in respect of the dilapidation liability for its leased properties.

##### 1.26 New and amended standards and interpretations

IASB has issued certain standards, interpretations or amendments but are not yet effective as on the reporting date. These are not expected to have a significant impact on the Company's results.

#### 2. Analysis of turnover

An analysis of turnover by class of business is given below:

	2021 £'000	2020 £'000
Provision of outsourcing services	<u>180,235</u>	<u>172,967</u>

All turnover arose within the United Kingdom.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 3. Other income

	2021 £'000	2020 £'000
Furlough income	106	1,475

#### 4. Exceptional administrative expenses

	2021 £'000	2020 £'000
Reorganisation and onerous lease cost	631	726
Dilapidations cost	1,036	(265)
Bad debt write-off	-	(274)
Covid 19 costs	-	479
Growth Securities Ownership Plan – Principal*	3,613	-
Recovery on CGT receivable*	(1,689)	-
Costs related to the partial buy out of minority interest in Go Beyond Services Limited	-	163
Impairment loss on right of use assets	430	-
Impairment loss on leasehold improvements	1,305	468
	<u>5,326</u>	<u>1,297</u>

	2021 £'000	2020 £'000
Exceptional interest payable		
Growth Securities Ownership Plan – Interest*	1,045	-

\* HMRC have raised an enquiry into the corporation tax computations of the Company for the years ended 31 March 2012 and 31 March 2013 on the deductibility of Growth Securities Ownership Plan (GSOP) by the company and applicability of PAYE and NI on the same. This case is similar to that of many other companies who implemented a similar scheme. HMRC started litigations in two lead cases at the First-tier Tribunal level. In January 2022, the First-tier Tribunal ruled that GSOP payments are earnings from an employment and the appellants in the case are required to account for PAYE and are liable for NICs in respect of those earnings.

Subsequent to the year end, this liability has crystallised and has been agreed and settled with HMRC. Accordingly, a provision of £3,613k representing the estimated amount of the liability payable to HMRC and £1,045k representing interest has been recognised in the financial statements. A recovery of £1,689k towards capital gains tax paid by the GSOP beneficiaries has also been recognised within other debtors.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 5. Operating profit

The operating profit is stated after charging/ (crediting):

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets (refer note 14)	3,376	3,283
Depreciation of right of use assets (refer note 15)	3,865	4,042
Amortisation of intangible assets (refer note 13)	1,155	1,337
Impairment of tangible assets (refer note 14)	1,305	468
Impairment of right of use assets (refer note 15)	430	-
Foreign exchange differences	(2,218)	646
	<u>          </u>	<u>          </u>

#### 6. Auditor's remuneration

	2021 £'000	2020 £'000
Audit of financial statements	141	127
Half year reporting	23	23
	<u>          </u>	<u>          </u>

There are no other non-audit fees payable in the current or prior year other than half year reporting. In both the current and prior year, the above audit fees include fees of the following holding companies in the Webhelp UK group which are paid for by the Company and are not recharged: Webhelp Management Service (UK) Limited, Webhelp UK Trading Limited and Webhelp UK Holdings Limited. Fees for Go beyond was also paid through the Company in the current year and not recharged.

#### 7. Staff costs

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

	2021 £'000	2020 £'000
Wages and salaries	145,340	126,329
Social security costs	11,224	9,188
Other pension costs	4,120	2,987
	<u>          </u>	<u>          </u>
	160,684	138,504

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

	2021 No.	2020 No.
Call centre operators	6,879	6,395
Administrative	253	247
	<u>          </u>	<u>          </u>

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

	7,132	6,642
	<u>7,132</u>	<u>6,642</u>
<b>8. Directors' remuneration</b>		
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments	1,678	918
	<u>1,678</u>	<u>918</u>
Company contributions to defined contribution pension schemes	36	11
	<u>36</u>	<u>11</u>

During the year retirement benefits were accruing to 2 directors (2020: 1) in respect of defined contribution pension schemes.

The directors have received share options in Marnix Lux SA on 30 January 2020, comprising 279,177 Ordinary Shares, 111,009 Compensatory Ratchet Shares, and 64,587, Complimentary Ratchet Shares, at a total fair value of £388,014. These shares will vest upon a Change of Ownership of Marnix Lux SA.

The highest paid director received remuneration during the year of £520k (2020: £409k). The highest paid director was assigned share options in Marnix Lux SA on 30 January 2020, comprising 188,123 Ordinary Shares, 73,032 Compensatory Ratchet Shares, and 42,492 Complimentary Ratchet Shares, at a total fair value of £255,273. These shares will vest upon a change of ownership of Marnix Lux SA.

<b>9. Interest receivable and similar income</b>		
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from group companies	291	200
Other interest receivable	-	171
Gain on fair value of derivatives	-	3
	<u>291</u>	<u>374</u>

<b>10. Interest payable and similar expenses</b>		
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest payable	186	453
Interest payable to group undertakings	301	24
Lease interest	457	595
Loss on fair value of derivatives	937	-
	<u>1,881</u>	<u>1,072</u>

Details of exceptional interest payable are detailed in note 4. Included within note 4.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 11. Taxation

##### Analysis of tax expense

	2021 £'000	2020 £'000
<b>Current tax:</b>		
UK corporation tax	624	1,527
Adjustments in respect of prior periods	(267)	62
<b>Total current tax</b>	<u>357</u>	<u>1,589</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(923)	28
<b>Total deferred tax</b>	<u>(923)</u>	<u>28</u>
<b>Taxation on profit</b>	<u>(566)</u>	<u>1,617</u>

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
<b>Profit before tax</b>	<u>4,792</u>	<u>12,347</u>
Tax at the UK corporation tax rate of 19% (2020: 19%)	910	2,346
The differences are explained below:		
<b>Effects of:</b>		
Fixed asset timing differences	(217)	65
Expenses not deductible for tax purposes and other permanent differences	433	136
Adjustments to tax charge in respect of previous periods – current tax	(267)	62
Group relief claimed	(1,079)	(992)
Deferred tax rate change	(346)	-
<b>Total tax charge for the year</b>	<u>(566)</u>	<u>1,617</u>

##### Factors affecting tax charge in the financial statements

With the Finance Act 2021 which received Royal Assent in June 2021, the government announced an increase in the Corporation tax main rate from 19% to 25% for companies with profits over £250,000 together with the introduction of a small profits rate of 19% with effect from 01 April 2023. Accordingly, the deferred tax asset has been calculated at a rate of 25%.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 12. Goodwill

	Goodwill £'000
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	769
<b>Net book value</b>	
At 31 December 2021	769
At 31 December 2020	769

In 2015, the Company entered into a business combination with Serco Group plc, whereby it acquired an organised workforce, certain fixed assets and a property lease in relation to a contract with an existing customer Shop Direct Finance Limited generating goodwill £769,000 (2020: £769,000).

Goodwill is attributable to one cash generating unit, being the provision of outsourcing activities. The Company tests goodwill annually for impairment, or more frequently if an event occurs to warrant a review. The recoverable amount attributed to the CGU is based on value in use calculations. The key assumptions made in undertaking the value in use calculations involve estimating post-tax cash flows.

Budgeted profit and cash flow forecasts for the financial year ending 31 December 2021 have been extrapolated for a period of 5 years and a terminal growth rate of 2% (2020:2%) has been applied thereafter and used as the basis of the calculations.

Discount rate assumptions are based on management estimates of the internal cost of capital likely to apply over the expected useful economic life of the goodwill and management's view of the risk associated. A discount rate of 6.7% (2020: 6.7%) has been applied.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 13. Intangible fixed assets

	Computer software £'000	Contract Rights £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	6,822	5,100	11,922
Additions	2,202	-	2,202
At 31 December 2021	9,024	5,100	14,124
<b>Amortisation</b>			
At 1 January 2021	5,072	4,797	9,869
Charge for the year	852	303	1,155
At 31 December 2021	5,924	5,100	11,024
<b>Net Book Value</b>			
At 31 December 2021	3,100	-	3,100
At 31 December 2020	1,750	303	2,053

Contracts rights relate wholly to the Vodafone Service agreement acquired in 2015 which details arrangements for services to be supplied through the Webhelp group over a 7-year period. This was fully amortised during the year.

#### 14. Tangible fixed assets

	Freehold Land and buildings £'000	Motor vehicle £'000	Fixtures and fittings £'000	Computer equipment £'000	Leasehold improvement £'000	Total £'000
<b>Cost</b>						
At 1 January 2021	1,777	12	5,977	11,940	8,185	27,891
Additions	116	-	638	1,642	864	3,260
At 31 December 2021	1,893	12	6,615	13,582	9,049	31,151
<b>Depreciation/ Impairment</b>						
At 1 January 2021	482	12	4,275	8,075	4,916	17,760
Charge for year	40	-	331	2,027	978	3,376
Impairment loss	-	-	-	-	1,305	1,305
At 31 December 2021	522	12	4,606	10,102	7,199	22,441
<b>Net Book Value</b>						
At 31 December 2021	1,371	-	2,009	3,480	1,850	8,710
At 31 December 2020	1,295	-	1,701	3,866	3,269	10,131

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

The Company has impaired leasehold improvements related to four leased buildings during the year on account of expectation of terminating lease agreements earlier to what was estimated as the lease period. The impairment loss is included in Exceptional administrative expenses in the Profit and Loss account.

#### 15. Right of use assets

	<b>Land and buildings £'000</b>
<b>Cost</b>	
At 1 January 2021	24,970
Disposals	(1,561)
At 31 December 2021	<u>23,409</u>
<b>Accumulated depreciation</b>	
At 1 January 2021	7,409
Charge for the year	3,865
Impairment loss	430
Disposals	(1,415)
At 31 December 2021	<u>10,289</u>
<b>Net book value</b>	
At 31 December 2021	<u>13,120</u>
At 31 December 2020	<u>17,561</u>

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 16. Fixed asset investments

	Investment in subsidiary companies £'000
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	41,122
<b>Impairment</b>	
At 1 January 2021 and 31 December 2021	2
<b>Net book value</b>	
At 31 December 2021	41,120
At 31 December 2020	41,120

There are no temporary differences associated with the above investments, hence no deferred tax has been recognised.

#### Subsidiary undertakings

The following are subsidiary undertakings of the Company:

	Country of incorporation	Class of shares	Holding	Principal activity
Go Beyond Services Limited	United Kingdom	Ordinary	100%	Provision of transformation services
OEE Consulting Limited*	United Kingdom	Ordinary	100%	Dormant

\*Indirectly held

The registered addresses of the subsidiaries are as follows:

	Registered Address
Go Beyond Services Limited	Ca'd'oro Building, 45 Gordon Street, Glasgow, G1 3PE
OEE Consulting Limited	PO Box S2 5DD, Building 2, 1 Nunnery Square, Sheffield, England, S2 5DD

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 17. Debtors

	2021 £'000	2020 £'000
<b>Due within one year:</b>		
Trade debtors	7,181	17,621
Amounts owed by group undertakings	34,014	36,368
Other debtors	3,937	1,139
Loan receivable	-	226
Contract Asset	3,981	2,654
Deferred taxation (refer note 22)	1,489	566
Derivative asset	-	566
Corporation tax	1,816	1,373
Prepayments	641	2,337
Accrued income	18,355	18,806
	<u>71,414</u>	<u>81,656</u>
<b>Due after more than one year:</b>		
Contract Asset	1,059	5,038
Amounts owed by group undertakings	115	115
	<u>1,174</u>	<u>5,153</u>

The Company has a loan receivable of £Nil (2020: £226k) from one party. The loan was fully repaid in 2021.

The contract asset relates to amounts due from a new customer taken on in the previous year. This amount of £5,040k (representing £3,981k due within one year and £1,059k due after one year) will be received over the term of the contract.

Amounts owed by group undertakings generate interest at LIBOR, are unsecured and are receivable on demand.

#### 18. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	8,477	6,425
Amounts owed to group undertakings	28,709	35,972
Taxation and social security	5,458	24,580
Other creditors	1,402	6,753
Lease liability (refer note 21)	2,814	3,363
Accruals	16,702	10,095
Derivative liability	473	-
	<u>64,035</u>	<u>87,188</u>

Amounts owed to group undertakings charge interest at LIBOR, are unsecured and are repayable on demand.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

<b>19. Provisions</b>	<b>£'000</b>
Balance at 1 January 2021	-
Provisions made during the year	4,958
Balance at 31 December 2021	<u>4,958</u>

Provisions made during the year relate to an unfavourable judgement by the First-tier Tribunal in a lead case related to the treatment of GSOP for tax purposes. This amount represents an estimate of £3,913k in respect of the GSOP liability and £1,045k in respect of interest payable to HMRC. The charge for the year included in note 4 is £3,613k, due to £300k having been recognised historically, as included within accruals in 2020. Refer to note 4 for further details.

#### 20. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Trade creditors	-	5,400
Lease liability (refer note 21)	10,977	14,356
	<u>10,977</u>	<u>19,756</u>

#### 21. Lease liabilities

	2021 £'000	2020 £'000
Non-current	10,977	14,356
Current	2,814	3,363
	<u>13,791</u>	<u>17,719</u>

#### The lease liabilities are due:

	2021 £'000	2020 £'000
Within one year	2,814	3,363
Between one and five years	10,977	14,356
	<u>13,791</u>	<u>17,719</u>

The Company has entered into commercial leases on certain properties. These leases have an average duration of between 5 and 15 years, with the remaining lease period being between a few months and 5 years noted above.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 22. Deferred taxation

	2021 £'000	2020 £'000
At the beginning of year	566	594
Credited/(charged) to the profit and loss account	923	(28)
At end of year	<u>1,489</u>	<u>566</u>

The deferred tax asset is made up as follows:

	2021 £'000	2020 £'000
Accelerated capital allowances	593	415
Short-term temporary differences	896	151
At end of year	<u>1,489</u>	<u>566</u>

The deferred tax asset is recognised because it is more likely than not that there will be sufficient taxable profits in the future to recover the assets.

There are no unprovided amounts relating to deferred tax.

#### 23. Called-up share capital

Authorised and allotted, issued and fully paid:

Number	Class	Nominal value	2021 £'000	2020 £'000
830,394 (2020: 830,394)	Ordinary shares	£1 each	<u>830</u>	<u>830</u>

**Called-up share capital**

Represents the nominal value of shares that have been issued.

#### 24. Reserves

##### Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

##### Revaluation reserve

Gains/losses arising on the revaluation of the Company's property, plant and equipment (other than investment property).

This reserve is not a distributable reserve.

##### Capital redemption reserve

Represents amounts transferred from share capital on redemption of issued shares.

##### Profit and loss account

The profit and loss reserve represent cumulative profit or losses net of any dividends paid.

## Telecom Service Centres Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 25. Dividend

The Company has paid a dividend during the year amounting to £Nil (2020: £22,000k) to its immediate parent company Webhelp Management (Service) UK Limited (£26.49 per share). This was settled partially in cash and partially by offsetting the intercompany amount receivable.

#### 26. Contingent liabilities

In the normal course of business, the Company enters into leases for a number of its properties. Each lease agreement will typically include the requirement to reinstate the property to its original condition on the Company's exit. Although from time-to-time liabilities have crystallised at the time of exit, the Company has historically minimised these outlays by maintaining the standard of the properties throughout their lease period. Accruals are recorded in respect of known exposures. The directors do not believe, however, that it is likely that there will be a material exposure beyond that recognised at the balance sheet date.

#### 27. Ultimate parent Company and control

The Company's immediate parent is Webhelp UK Holdings Limited, a Company incorporated in United Kingdom. The ultimate parent Company is Parjointco NV, a Company incorporated in the Netherlands.

The largest group of undertakings in which the results of the Company are consolidated is headed by Parjointco NV. These financial statements are available from the Company's registered office at Veerkade 5, Rotterdam, South Holland, 3016 DE Rotterdam. The smallest group of undertakings in which the results of the Company are consolidated is headed by Groupe Bruxelles Lambert, a Company incorporated in Belgium. These financial statements are available from the Company's registered office at Avenue Marnix 24, 1000 Bruxelles, Belgium.

#### 28. Post balance sheet events

The Company has vacated three rental properties located in Greenock, Glasgow and Sheffield post year end as these buildings were no longer required as a result of the increase in employees working from home because of the Covid-19 pandemic. A provision of £430k has been recognised in respect of right of use assets and a provision of £1,305k in respect of leasehold improvements regarding these 3 properties. Further, an accrual of £1,209k has been recognised in respect of dilapidations.

On 1 January 2023, the Company hived up the assets and liabilities of its wholly owned subsidiary, Go Beyond Services Limited. It is expected that Go Beyond Services Limited will then be liquidated in the future. This has no impact on the financial statements at the balance sheet date.