

Eckoh UK Limited

Annual Report and
Financial Statements

For the year ended

31 March 2023

Company Number 02796531



Eckoh UK Limited

Annual Report and financial statements for the year ended 31 March 2023

Contents

Page	
2	Contents & Officers & Professional advisors
3	Strategic report
6	Directors' report
9	Independent auditors' report to the members of Eckoh UK Limited
12	Statement of comprehensive income
13	Balance sheet
14	Statement of changes in equity
15	Notes forming part of the financial statements

Officers & Professional advisors

Directors

N B Philpot
C G Herbert

Secretary

C G Herbert

Registered office

Telford House, Corner Hall, Hemel Hempstead, Hertfordshire HP3 9HN

Company number

02796531

Independent Auditors

PricewaterhouseCoopers LLP, 40 Clarendon Road, Watford, Hertfordshire WD17 1JJ

Eckoh UK Limited

Strategic Report for the year ended 31 March 2023

The Directors present the strategic report for the year ended 31 March 2023.

Principal Activities

The principal activities of the Company are providing Customer Engagement Data Security solutions, through a suite of patented products. Our overarching strategic goal is our mission, which is to set the standard for secure interactions between consumers and the world's leading brands. Companies today need to provide an exceptional customer experience with a frictionless and secure payment or process journey. Every interaction and transaction should be secure. We make sure that happens through our innovative products which build trust and deliver value through exceptional experiences.

We're trusted by well-known global brands, predominantly from the retail, healthcare, telecoms, financial services, utilities, and travel sectors, to help process customer enquiries and payments safely, usually via their customer contact centres, which are either operated in-house or outsourced.

Our secure engagement solutions help protect sensitive customer data and can be utilized over any customer engagement channel (voice, live chat, messaging, email, social channels etc.) and via any device the customer chooses. Our philosophy when it comes to data security is that the best way to protect your data is not to collect it. Many of the most sensitive engagement processes, especially taking a payment itself, do not require the enterprise to collect and store data, and if the process can be performed without doing this, then this removes the risk of breach or fraud for the customer. This is our specialism and an approach for which we have a growing portfolio of patents.

To support our strategy to be the market leader in Customer Engagement Data Security Solutions, the Group of which Eckoh UK Limited is part completed the acquisition of Syntec in December 2021. Our "Syntegration" plan (our process of integrating and unifying Syntec into Eckoh's operations) was led by Eckoh UK and was split into three phases and covered people, process, product, and technology. Over the last financial year, we have combined the underlying platform technology for delivering Eckoh's existing voice security product branded as, CallGuard, and Syntec's solution, branded CardEasy, to create a new unified platform appliance, we call our Secure Voice Appliance (SVA). The SVA is the cornerstone of our new global Secure Voice Cloud platform, which supports our Secure Engagement Suite of solutions that can be bought either singly or in multiples by our enterprise clients and delivered through the same platform.

As part of Phases 1 & 2 our delivery infrastructure for new clients and new products was fully integrated across the Secure Voice Cloud platform. During the third phase, we are tasking the unified development team, who are mainly employed through Eckoh UK Limited, to develop new solutions for the Secure Engagement Suite in key growth areas.

Secure Engagement Suite.

Eckoh

1. **Voice Security** – our core product to protect phone payments under the CallGuard or CardEasy brand
2. **Secure Chat** – live chat incorporating our patented ChatGuard solution to take payments securely
3. **Digital Payments** – allowing customers to pay through a secure mobile link whilst connected live to an advisor
4. **DataGuard** – securing other forms of personal data as well as payment information
5. **Advanced Speech** – using speech recognition to take payment information securely where key entry is unviable
6. **Secure Call Recording** – recording, transcribing and analysing calls, and redacting sensitive information
7. **Transcription and AI** – using real time transcription to enable agents to deliver effective and fast assistance
8. **Verification and Fraud** – improving the verification process to help identify fraudulent activity.



Eckoh UK Limited

Strategic Report for the year ended 31 March 2023

Future developments

From a product perspective, the first six products on the previous page are all available, with the first release of Secure Call Recording launched as planned in April this year and delivered through our new Secure Voice Appliance and Secure Voice Cloud.

Later this year we will add the seventh product, which will be the real time transcription solution that uses AI and machine learning to assist advisors to provide the best possible assistance whether they are experienced agents or not, and our first solution in the Verification and Fraud area is on our solution roadmap for the end of FY24.

All of these new products are developed by the Group's development team based in the UK and employed by Eckoh UK Limited.

Given our previous experience of cross-selling to our existing UK clients, the expansion and enhancement of our security suite and the global nature of our cloud platform, we believe these additional products will increase future sales both to our UK clients and globally, where Group Companies have the ability to sell these products into their clients. This earns the UK business royalty revenue and software license fees.

Review of business

Revenue in the year was £19.7 million (FY22 £20.0 million) a decrease of 2%, Recurring revenue is level year on year at 80%.

Gross profit in the year was £16.7 million (FY22: £17.0 million) with gross margin in line with prior year at 85%. Adjusted operating profit in the year was £4.2 million (FY22: £4.3 million) and operating profit margin was level year on year at 21%.

Total contracted business was £13.4 million compared to £13.3 million in the prior year and new contracted business was £3.1 million compared to £5.0 million. Client renewals in the year were strong at £10.3 million (FY22: £8.2 million). In FY23 we completed important renewals with amongst others a contract through BT for the Ministry of Justice for taking payments for fixed penalty notices and magistrates fines, other important renewals were a 5-year contract through Capita for a large public service organisation worth £2.1 million and renewals for Kingfisher, Target, PowerNI, Transport for London.

Our model of cross-selling to existing clients remains a key part of the Eckoh strategy, not just to generate incremental revenue but also to continue the trend of strong client retention and to further increase the lifetime value of the Company's customers. £1.7 million of the new business secured in the year (FY22: £3.6 million) was contracted with existing customers for delivery of new solutions or modifications. Our strong track record with existing clients has also continued to be demonstrated through the extremely high proportion of clients that are successfully renewed.

Client contracts

Client contracts are typically multi-year in length and have a high proportion of recurring revenues, usually underpinned by minimum commitments. With a greater proportion of contracts being delivered through the cloud the initial set up fees and hardware costs associated with larger customer premise deployments will be reducing, leading over time to an increase in operating margin.

The balance sheet on page 13 shows the Company's financial position at the year end. Net assets have increased to £32.0m (FY21: £28.8m). Details of the amounts owed by/to its parent and group companies are shown in notes 14 and 15 to the financial statements.

Eckoh UK Limited

Strategic Report for the year ended 31 March 2023

Business risks

The Directors regularly assess the key business risks of the Company, which are considered to be the cyber, technology and processes, the competitive market sector and during the current period the pandemic risk. The Company reviews and monitors these risks on a regular basis and monthly reports to the main Board Eckoh plc.

Financial risk management

The operations of the Company expose it to a variety of financial risks: liquidity risk, interest rate risk and foreign currency risk. The Company's principal risks & uncertainties are disclosed in the Eckoh PLC Annual Report on pages 20 to 23.

On behalf of the board



C G Herbert
Director

3 October 2023

Eckoh UK Limited
Telford House, Corner Hall
Hemel Hempstead
Hertfordshire
HP3 9HN

Eckoh UK Limited

Directors' Report for the year ended 31 March 2023

The Directors present their report and the audited financial statements for the year ended 31 March 2023.

Results and dividends

The profit before tax for the year was £4.1 million (FY22: £4.3 million). The Directors recommend the payment of a final dividend of £80.00 (FY22: £40.00) per ordinary share amounting to £4.4 million (FY22: £2.2 million) to be paid on 13 October 2023. During FY23 or FY22 there was no Special dividend paid or recommended.

The business review, future developments, business risks and financial risk management are included in the Strategic Report.

Political contributions

The Company made no political contributions during the period (FY22: £nil).

Directors

The following Directors held office during the year and up to the date of signing these financial statements:

N B Philpot
C G Herbert

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The Board has carried out a going concern review and concluded that the Company has adequate cash to continue in operational existence for the foreseeable future.

The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the Financial Statements. As at 31 March 2023, the Group has a £5 million of Revolving Credit Facility (RCF) from Barclays Bank, which was undrawn. Bank covenants have been reviewed and are comfortably achieved for the year to 31 March 2023 and are forecast to continue to be so for at least 12 months from the date of approval of the financial statements.

Our key business indicators, total orders, new business orders and Annual Recurring Revenue (ARR), which includes all clients that we are billing, demonstrate strong visibility of future revenue. We anticipate the renewal rate for the UK business to remain unchanged. When preparing the cash flow forecasts the Directors have reviewed a number of scenarios, including a severe but plausible downside scenario which assumes no new business, with respect to levels of new business. In all scenarios the Directors were able to conclude that the Company has adequate cash to continue in operational existence for the foreseeable future.

Subsequent events

Prior to the 31 March 2023, the Company were in settlement discussions with a third party. An agreement was reached with the third party and a settlement agreement entered into in favour of the Company. The income and costs are included in exceptional items in Note 6.

Research and development

During the year, the Directors have continued to make significant investment in the business focusing efforts on research and development to ensure that Eckoh's solutions satisfy an evolving market requirement. During the financial year to 31 March 2023, there has been an increase in the amount capitalised of intangible assets to £0.6 million relating to the Call-Recording product. (FY22: £0.3 million).

Sustainability report

Sustainability report for the Group of which the Company is part can be found in Eckoh plc Annual Report on pages 28 to 33, this details our Environmental Social and Governance strategy (ESG), which is underpinned by our mission as a business, to set the standard for secure interactions between consumers and the world's leading brands because we care about making the world a secure place.

Eckoh UK Limited

Directors' Report for the year ended 31 March 2023

Our ESG strategy is split into four key areas; the product we provide our customers and their customers; the security first approach we adopt across the business, which also encompasses the knowledge and the experts we have in our team; the culture we create through our values and the environmental responsibility we take in the way we do business.

As we successfully drive progress against our broader strategic objectives, we remain committed to making sustainable business decisions. We continue to listen to our stakeholders and we will continue to refine our sustainability strategy to ensure that it drives long term value for all of them.

During the financial year to 31 March 2023, we have made significant progress in terms of setting targets and working towards those targets. Further details can be found in Eckoh plc's Annual Report on pages 28 to 33.

Directors' and Officers liability insurance and indemnification of Directors

The Company has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors and these remain in force at the date of this report.

Payments to creditors

The Company has a variety of payment terms with its suppliers. The Company agrees payment terms with its suppliers when it enters into binding purchasing contracts for the supply of goods and services. The Company seeks to abide by these payment terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. At 31 March 2023, the amount of trade creditors shown in the balance sheet represents 88 days of average purchases for the Company (FY22: 87 days).

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors 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 also 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.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Eckoh UK Limited

Directors' Report for the year ended 31 March 2023

Disclosure of information to auditors

In the case of each Director in office at the date the Directors' report is approved:

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

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board



C G Herbert
Director

3 October 2023

Eckoh UK Limited
Telford House, Corner Hall
Hemel Hempstead
Hertfordshire
HP3 9HN

Independent auditors' report to the members of Eckoh UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Eckoh UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2023; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Payment Card Industry Data Security Standards (PCI DSS) and General Data Protection Regulation (GDPR), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the requirements of the Companies Act 2006 and UK tax legislations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management recording inappropriate journal entries, and the risk of bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiring of management and those charged with governance together with inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, these enquiries were corroborated through review of Board minutes provided. Inspection of regulatory correspondence, to identify actual and potential breaches of laws and regulations;
- Enquiring of those charged with governance and management as to whether they have knowledge of any actual, suspected or alleged fraud and breaches of laws and regulations;
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations (for example credit to revenue with a debit entry to an unexpected account) or journals posted by senior management; and
- Testing accounting estimates (because of the risk of management bias), including challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Matthew Mullins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

3 October 2023

Eckoh UK Limited

Statement of comprehensive income for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Revenue	3	19,657	20,042
Cost of sales		(2,922)	(3,004)
Gross profit		16,735	17,038
Administrative expenses		(12,523)	(12,767)
Adjusted Operating profit		4,212	4,271
Exceptional items	6	(202)	-
Operating profit		4,010	4,271
Finance income	7	44	25
Profit before taxation	4	4,054	4,296
Tax on profit	8	(539)	(1,094)
Profit for the financial year		3,515	3,202
Other comprehensive (expense) / income			
Foreign currency translation differences – net of tax		(82)	92
Total comprehensive income for the year attributable to the equity holders of the Company		3,433	3,294

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

Eckoh UK Limited

Balance sheet as at 31 March 2023

	Note	2023 £'000	2022 £'000
Assets			
Non-current assets			
Intangible assets	9	1,730	1,571
Property, plant and equipment	10	480	766
Right-of-use leased assets	11	216	530
Deferred tax assets	8	685	1,101
Long-term debtor	14	3,345	1,906
		6,456	5,874
Current assets			
Inventories	13	13	15
Trade and other receivables	14	34,321	32,236
Cash and cash equivalents		161	95
		34,495	32,346
Total assets		40,951	38,220
Liabilities			
Current liabilities			
Trade and other payables	15	(8,734)	(8,901)
Lease liabilities	11	(225)	(362)
		(8,959)	(9,263)
Non-current liabilities			
Lease liabilities	11	-	(186)
		-	(186)
Net assets		31,992	28,771
Capital and reserves			
Called up share capital	16	55	55
Capital redemption reserve		6,986	6,986
Retained earnings		24,951	21,730
Total equity		31,992	28,771

The notes on pages 15 to 28 form part of these financial statements.

The financial statements on pages 12 to 28 were approved by the Board of Directors on 3 October 2023 and signed on its behalf by:



C G Herbert
Director

Company Registration Number 02796531

Eckoh UK Limited

Statement of changes in equity for the year ended 31 March 2023

	Called up share capital £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2021	55	6,986	20,186	27,227
Profit for the financial year	-	-	3,202	3,202
Other comprehensive income	-	-	92	92
Total comprehensive income for the year	-	-	3,294	3,294
<i>Transactions with owners recorded directly in equity</i>				
Dividends paid	-	-	(1,603)	(1,603)
Share based payment charge	-	-	445	445
Deferred tax on share options	-	-	(592)	(592)
Balance at 31 March 2022	55	6,986	21,730	28,771
Profit for the financial year	-	-	3,515	3,515
Other comprehensive expense	-	-	(82)	(82)
Total comprehensive income for the year	-	-	3,433	3,433
<i>Transactions with owners recorded directly in equity</i>				
Share based payment charge	-	-	(212)	(212)
Balance at 31 March 2023	55	6,986	24,951	31,992

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023

General Information

Eckoh UK Limited (the "Company") is a private company limited by shares, incorporated in the United Kingdom and registered in England. The address of the Company's registered office is Telford House, Corner Hall, Hemel Hempstead, HP3 9HN. The Company is a provider of Secure Payment products and Customer engagement solutions.

1 Basis of Preparation

1.1 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")* and the requirements of the Companies Act 2006. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

1.2 Basis of preparation and Summary of significant accounting policies

The financial statements have been prepared on a going concern basis, in accordance with applicable Accounting Standards and under the historical cost accounting rules. The accounting policies have been applied consistently, other than where new policies have been adopted. The principal accounting policies adopted are set out below. The Financial Statements have been prepared in Pounds Sterling, which is the Company's functional currency. All financial information presented has been rounded to the nearest one thousand, except where stated.

No new or revised accounting standards were adopted in the year.

There are a number of other amendments and clarifications to IFRS effective in future years, which are not expected to significantly impact the Company's results or financial position.

1.3 Exemption from consolidation

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

1.4 Exemptions for qualifying entities under FRS 101

In preparing these financial statements, the Directors apply the recognition, measurement and disclosure requirements of International accounting standards but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Eckoh plc includes the Company in its consolidated financial statements. The consolidated financial statements of Eckoh plc are prepared in accordance with UK-adopted International Accounting Standards and are available to the public and may be obtained from Telford House, Corner Hall, Hemel Hempstead, Hertfordshire, HP3 9HN.

In these financial statements, the Directors have applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible assets, and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Eckoh plc include the equivalent disclosures, the Directors have also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (*continued*)

1 Basis of Preparation (cont'd)

As the consolidated financial statements of Eckoh plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Directors propose to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

1.5 Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The Board has carried out a going concern review and concluded that the Company has adequate cash to continue in operational existence for the foreseeable future.

The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the Financial Statements. As at 31 March 2023, the Group has a £5 million of Revolving Credit Facility (RCF) from Barclays Bank, which was undrawn. Bank covenants have been reviewed and are comfortably achieved for the year to 31 March 2023 and are forecast to continue to be so for at least 12 months from the date of approval of the financial statements.

Our key business indicators, total orders, new business orders and Annual Recurring Revenue (ARR), which includes all clients that we are billing, demonstrate strong visibility of future revenue. We anticipate the renewal rate for the UK business to remain unchanged. When preparing the cash flow forecasts the Directors have reviewed a number of scenarios, including a severe but plausible downside scenario which assumes no new business, with respect to levels of new business. In all scenarios the Directors were able to conclude that the Company has adequate cash to continue in operational existence for the foreseeable future.

2. Summary of Principal Accounting Policies

Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and reasonable expectations of future events. Actual results may differ from those estimates.

Critical accounting estimates and assumptions

The accounting policies cover areas that are considered by the Directors to require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The policies, and the related notes to the financial statements, are found below:

Share based payments

The Black Scholes and Monte Carlo valuation models have been used in determining the fair value of share-based payments. The key assumptions around volatility, expected life and risk-free rate of return are based, respectively, on historic volatility over a similar previous period, management's estimate of the average expected period to exercise, and the yield on zero-coupon UK government bonds of a term consistent with assumed option life.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

2. Summary of Principal Accounting Policies (cont'd)

Critical accounting judgements

Deferred taxation

Judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits. Judgement is also required regarding the rate at which deferred tax is recognised, following the substantial enactment of Finance Bill 2021, resulting in an increase in the UK tax rate to 25% from 1 April 2023. As at 31 March 2022, UK deferred tax assets expected to unwind prior to 1 April 2023 were recognised at 19%, with those expected to unwind after 1 April 2023 being recognised at 25%. At 31 March 2023, the Company recognised deferred tax assets of £685k and deferred tax liabilities of £nil. Included within the deferred tax asset of £685k is £311k in respect of tax losses and tax credits.

Intangible assets

Research and development

Research costs are charged to the income statement in the year in which they are incurred. Development expenses include expenses incurred by the Company to set up or enhance services to clients. Development costs that mainly relate to staff salaries are capitalised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Development costs that do not meet these criteria are expensed as incurred. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset, which is generally assumed to be three years.

Other intangible assets

Other intangible assets, such as the costs for the application and grant of patents that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The amortisation costs are shown within the administrative expenses of the Company.

Amortisation is charged to administrative expenses in the income statement.

The carrying value of intangible assets is assessed at the end of each financial year for impairment.

Property, plant and equipment

Property, plant and equipment is stated at cost or fair value on acquisition less accumulated depreciation and accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life on a straight-line basis, as follows:

Fixtures, fittings and equipment	3-6 years (or the remaining term of the lease)
----------------------------------	--

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Financial Assets

Financial assets comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other receivables

Trade and other receivables do not carry interest and are stated at their fair value as reduced by allowances for estimated irrecoverable amounts. The Company applies IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments for an extended period.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, short-term deposits and other short-term liquid investments.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

2. Summary of Principal Accounting Policies (cont'd)

Inventories and work in progress

Inventories are valued at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, direct labour and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable selling expenses.

Financial Liabilities

All financial liabilities held by the Company are measured at amortised cost and comprise trade payables of £1,695k (FY22: £1,385k), other payables of £6k (FY22: £6k), other taxation and social security of £694k (FY22: £701k), accruals and contract liabilities of £5,277k (FY22: £6,294k) and amounts owing to Group undertakings £1,112k (FY22: £515k). Lease liabilities are £225k in total (FY22: £548k), with current lease liabilities of £225k.

Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Leases

Following the implementation of IFRS 16 Leases, from 1 April 2019, each lease is recognised as a right-of-use asset with a corresponding liability at the date at which the lease asset is available for use by the Company. Interest expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Where leases include an element of variable lease payment or the option to extend the lease at the end of the initial term, each lease is reviewed and a decision is made on the likely term of the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement, a franking machine and the rental of a storage unit.

Employee benefits

(a) Pensions

The Company operates a defined contribution scheme to the benefit of its employees. Contributions payable are charged to income in the year they are payable.

(b) Bonus schemes

The Company recognises a liability and an expense for bonuses payable to i) employees based on a formula derived from management assessment of individual performance; and ii) senior management and executive directors based on achievement of a series of financial and non-financial targets.

Eckoh UK Limited

Notes forming part of the financial statements
for the year ended 31 March 2023 (continued)

2. Summary of Principal Accounting Policies (cont'd)

Employee benefits (cont'd)

(c) Share based payments

From time to time on a discretionary basis, the Board of Directors of Eckoh Plc, the parent company, award high-performing employees bonuses in the form of share options. As the Company's parent grants rights to its equity instruments to the Company's employees, which are accounted for as equity-settled in the consolidated financial statements of the parent, the Company accounts for these share-based payments as equity-settled. The options are subject to a three-year vesting period and their fair value is recognised as an employee benefits expense within staff costs with a corresponding increase in equity over the vesting period. The proceeds received are credited to share capital and share premium when the options are exercised. Any amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to equity.

Exceptional items

If the Company incurs irregular or one-off costs for example due to the closure of an activity, following the acquisition of a business or for one-off legal costs and settlement income these costs and income are disclosed in the Income Statement as exceptional items and excluded from Adjusted Operating Profit. Adjusted measures are used by management in order to eliminate factors which distort year-on-year comparisons.

Revenue recognition

The Company recognises revenue in accordance with IFRS 15: Revenue from Contracts with Customers. IFRS 15 provides a single, principles-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. Revenue represents the fair value of the sale of goods and services excluding value added tax. The following summarises the method of recognising revenue for the solutions and products delivered by the Company.

(i) Secure Payment solutions and hosted services

Due to the unique nature of the Secure Payments solution and clients' reliance on Eckoh's PCI-DSS Level 1 compliance, the delivery and on-going support and maintenance of the Secure Payments solution under IFRS 15 is one single performance obligation. Therefore, revenue for implementation fees for our hosted Secure Payments solution and our hosted Customer Contact services; and revenue for hardware and implementation fees for our hosted or onsite Secure Payments solution are typically received at the beginning of the contract and held on the balance sheet as contract liabilities. This revenue is recognised evenly over the period of the contract from the point of delivery of the solution to the client. Costs directly attributable to the delivery of the hardware, the implementation fees and the sales commission costs are held as contract assets and released over the contract term from the point of delivery of the solution to the client.

In addition to the initial set-up costs, there are on-going support and maintenance and running costs of the service. In the UK, clients have a variety of commercial models including fixed fees and transactional arrangements, the revenue, whether it is the fixed monthly fee or based on transactions is recognized in the month it relates to.

(ii) Coral product

Revenue arises from the sale of licences, implementation fees and on-going support and maintenance. Under IFRS 15, each component is defined as a performance obligation. Revenue is recognised for sales of licences when they are delivered to the client; revenue from implementation fees is recognised by estimating a percentage of completion based on the direct labour costs incurred to date as a proportion of the total estimated costs required to complete the implementation; and revenue for on-going support and maintenance is recognised each month as the service is provided.

(iii) Third party support services

Revenue is earned from providing expert third party support for Contact Centre infrastructure and is recognised on a pro-rated basis over the period of the contract.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

2. Summary of Principal Accounting Policies (cont'd)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

3 Revenue

Revenue by Geography

	2023 £000	2022 £000
United Kingdom	17,292	18,117
United States of America	2,203	1,786
Rest of the World	162	139
Total Revenue	19,657	20,042

	2023 £'000	2022* £'000
Timing of revenue recognition		
Services transferred at a point in time	4,055	4,152
Services transferred over time	15,602	15,890
	19,657	20,042

* The split between services transferred at a point in time and overtime were incorrectly disclosed in the financial statements for the year ended 31 March 2022 and have been corrected.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

3. Revenue (cont'd)

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2023 £'000	2022 £'000
Receivables, which are included in, 'Trade and other receivables'	2,282	2,746
Contract assets which are included in 'Trade and other receivables'	964	1,552
Contract liabilities which are included in 'Trade liabilities'	(2,788)	(4,418)
	458	(120)

Payment terms and conditions in client contracts may vary. In some cases, clients pay in advance of the delivery of solutions or services; in other cases, payment is due as services are performed or in arrears following the delivery of the solutions or services. Differences in timing between revenue recognition and invoicing result in trade receivables, contract assets, or contract liabilities in the statement of financial position.

Contract assets result when costs directly attributable to the delivery of the hardware and the implementation fees are capitalised as contract assets and released over the contract term, thereby also deferring costs to later periods and revenue earned not yet invoiced.

Contract liabilities result from client payments in advance of the satisfaction of the associated performance obligations and relates primarily to revenue for hardware and implementation fees. Contract liabilities are released as revenue is recognised.

Contract assets and contract liabilities are reported on a contract-by-contract basis at the end of each reporting period. Significant changes in the contract assets and contract liabilities balances during the period are as follows:

	31 March 2023		31 March 2022	
	Contract assets £'000	Contract liabilities £'000	Contract assets £'000	Contract liabilities £'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	3,103	-	3,224
Current year billings recognised in contract liabilities	-	1,659	-	2,019
Cost of sales recognised that was included in the contract assets balance at the beginning of the period	1,108	-	1,079	-
Costs deferred in current year and unbilled revenue included in contract assets	470	-	745	-

Contract costs	31 March 2023 £'000	31 March 2022 £'000
	Deferred implementation fees	470
Deferred hardware costs	-	-
	470	745

Contract costs are capitalised as 'costs to fulfil a contract' and are amortised when the related revenues are recognised, which are spread evenly over the length of the contract, typically 3 years.

Transaction price allocated to the remaining performance obligations

The total amount of revenue held in contract liabilities and allocated to unsatisfied performance obligations is £2,788k (FY22: £4,418k). We expect to recognise approximately £1,791k (FY22: £2,743k) in the next 12 months, £962k (FY22: £1,640k) in 1-3 years and the remainder in 3 years or more in time.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

3. Revenue (cont'd)

The amount represents our best estimate of contractually committed revenues that are due to be recognised as we satisfy the contractual performance obligations in these contracts. A large proportion of the Company's revenue is transactional in nature or is invoiced monthly for support and maintenance and these are not included in the contract liabilities.

4 Profit before taxation

	2023 £000	2022 £000
Profit before taxation is stated after charging:		
Depreciation of property, plant and equipment (note 10)	375	476
Amortisation of intangible assets (note 9)	398	392
Depreciation of leased assets (note 11)	391	353
Inventory recognised as an expense (note 13)	1	1
Employee benefits expense (note 5)	9,016	8,860

Services provided by the Company's auditors

During the year the Company obtained the following services from the Company's auditors, detailed below:

	2023 £000	2022 £000
Audit of these financial statements	90	74

5 Employees' and directors' emoluments

The monthly average number of persons (including directors) employed by the Company during the year, analysed by category was:

	2023 Number	2022 Number
Technical support	59	60
Customer services	31	28
Administration and management	44	36
	134	124

	2023 £000	2022 £000
Staff costs for the above persons:		
Government grants receivable towards employee cost	-	(12)
Wages and salaries	8,079	7,654
Social security costs	969	590
Other pension costs	194	183
Share based payments	(226)	445
	9,016	8,860

Eckoh UK Limited

Notes forming part of the financial statements
for the year ended 31 March 2023 (continued)

5 Employees' and directors' emoluments (cont'd)

Directors' remuneration

Name	Salary and fees £000	Benefits ¹ £000	Pension ² £000	Annual bonus £000	2023 Total £000	2022 Total £000
N B Philpot	339	18	-	96	453	391
C G Herbert	196	14	20	61	291	277
	535	32	20	157	744	668

1. Benefits include car allowance, healthcare cover and death in service.
2. N B Philpot has elected to have all his Company pension contribution added to his salary. The pension contribution has been reduced by the employer's national insurance that is payable by the Company for the amount added to his base salary.

Retirement benefits under money purchase schemes are accruing to 1 Directors (FY22: 1). Retirement benefits under defined benefit schemes are accruing to no Directors (FY22: none). The number of Directors who exercised share options was none (FY22: none).

6 Exceptional legal fees and settlement agreements

In the financial year ended 31 March 2023 legal fees and settlement agreements of £0.2 million (settlement income of £950k received has been netted off against legal fee expenses), have been incurred regarding commercially sensitive matters which are required to be kept confidential by agreements with third parties or ongoing legal negotiations.

7 Finance income /(charges)

	2023 £000	2022 £000
Interest receivable		
Bank interest received	2	5
Income from shares in Group undertaking	53	41
	55	46

	2023 £000	2022 £000
Lease interest payable	(11)	(21)
	(11)	(21)

8 Tax on profit

	2023 £000	2022 £000
Recognised in the statement of comprehensive income:		
<i>UK Corporation tax</i>		
Current tax on income for the year	123	-
Adjustments in respect of prior periods	-	(15)
Total current tax	123	(15)
<i>Deferred tax</i>		
Origination and reversal of temporary differences	494	1,450
Reduction in tax rate	(67)	(380)
Adjustment in respect of prior periods	(11)	39
Total deferred tax	416	1,109
Tax on profit	539	1,094

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

8 Tax on profit (cont'd)

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

	2023 £000	2022 £000
Profit before taxation	4,054	4,296
Tax using the UK corporation tax rate of 19% (2022: 19%)	770	816
Non-deductible expenses	(2)	(9)
Adjustment in respect of prior periods – Deferred Tax	(11)	39
Adjustment in respect of prior periods – Current Tax	-	(15)
Impact of difference between current and deferred tax rates	(27)	129
Effect of rate change on deferred tax opening balance	(68)	(380)
Deferred tax impact of share options	(123)	514
Total tax charge for the year	539	1,094

	2023 £000	2022 £000
Tax recognised directly in equity:		
Deferred tax recognised directly in equity credit	-	(592)
Total tax recognised directly in equity credit	-	(592)

Deferred tax assets	2023 £000	2022 £000
Property, plant and equipment assets	204	220
Short term timing differences	170	64
Tax value of loss carry-forwards	311	817
Net tax assets	685	1,101

Movement in deferred tax balances during the year:

	2023 £000	2022 £000
Balance at 1 April	1,101	2,802
Recognised in income statement	(416)	(1,109)
Recognised in equity	-	(592)
Balance at 31 March	685	1,101

Eckoh UK Limited

Notes forming part of the financial statements
for the year ended 31 March 2023 (*continued*)

9 Intangible assets	Development costs	Patents	Total
	£000	£000	£000
<i>Cost</i>			
Balance at 1 April 2022	4,574	288	4,862
Additions	559	-	559
Disposals	-	(2)	(2)
Balance at 31 March 2023	5,133	286	5,419
<i>Accumulated amortisation and impairment</i>			
Balance at 1 April 2022	3,108	183	3,291
Amortisation for the year	371	27	398
Balance at 31 March 2023	3,479	210	3,689
<i>Net book value</i>			
At 31 March 2022	1,466	105	1,571
At 31 March 2023	1,654	76	1,730

The amortisation charge is recognised within the administrative expenses line.

10 Property, plant and equipment	Fixtures, fittings and equipment
	£000
<i>Cost</i>	
Balance at 1 April 2022	7,892
Additions	91
Disposals	(2)
Balance at 31 March 2023	7,981
<i>Accumulated depreciation and impairment</i>	
Balance at 1 April 2022	7,126
Depreciation charge for the year	375
Balance at 31 March 2023	7,501
<i>Net book value</i>	
At 31 March 2022	766
At 31 March 2023	480

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

11. Leases

The Company leases equipment either in the datacentres or in the offices.

In some cases, the contracts entered into by the Company include extension options which provide the Company with additional operational flexibility. If the Company considers it reasonably certain that an extension option will be exercised the additional period is included in the lease term.

	Equipment £'000
<i>Cost</i>	
Balance at 1 April 2022	1,168
Additions	77
Balance at 31 March 2023	1,245
<i>Accumulated depreciation</i>	
Balance at 1 April 2022	638
Charge for the year	391
Balance at 31 March 2023	1,029
<i>Net book value</i>	
At 31 March 2022	530
At 31 March 2023	216

Lease liabilities	2023 £'000	2022 £'000
Current	225	362
Non-current	-	186
	225	548

Lease interest and expenses	2023 £'000	2022 £'000
Interest expense (included in finance costs)	(11)	(21)

The total cash outflow for leases in 2023 was £411k (FY22: £353k), made up of principle lease payments of £400k (FY22: £322k) and lease interest payments of £11k (FY22: £21k).

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

12 Investments

The Company has the following investments in subsidiaries, for which the cost and provision at the start and end of the year is £nil.

	Country of incorporation	Class of shares held	Ownership 2022 %	Ownership 2021 %
Eckoh France SAS	France	Ordinary	100	100
Intelliplus Limited	United Kingdom	Ordinary and special	100	100
Medius Networks Limited	United Kingdom	Ordinary	100	100

Aggregate of capital and reserves and profit or loss for the year is £nil in all three entities. Eckoh France SAS ceased trading on 30 June 2010 and Intelliplus Limited and Medius Networks Limited are both non-trading companies.

13 Inventories

	2023 £000	2022 £000
Finished goods	13	15
	13	15

The cost of inventory recognised as an expense during the year was £1k (2022: £1k). Inventory is stated after a provision of £1k (FY22: £14k).

14 Trade and other receivables

	2023 £000	2022 £000
Trade receivables	2,288	2,794
Less: Loss allowance	(6)	(48)
Net trade receivables	2,282	2,746
Amounts owed by group undertakings	28,681	26,417
Prepayments and contract assets	3,358	3,073
	34,321	32,236
Long-term assets		
Amount receivable from group undertakings	3,345	1,906
	3,345	1,906

All trade receivables in the current and prior year are stated after a loss allowance of £6k (FY22: £48k). Amounts owed by group undertakings included in current assets are interest free and unsecured and payable on demand. Amounts receivable from group undertakings of £3,345k, are seven year loans, which mature between 2027 and 2029, with interest rates of between 1.35% and 4.66%,

Gross trade receivables – ageing	2023 £'000	2022 £'000
Current	1,846	2,067
1-30 days	287	568
31-60 days	70	61
61-90 days	20	13
Over 90 days	65	85
	2,288	2,794

The Directors consider that the carrying value of the trade and other receivables approximate to their fair value.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

15 Trade and other payables

	2023	2022
	£000	£000
Trade payables	1,695	1,385
Amounts owed to group undertakings	1,112	515
Taxation and social security	694	701
Other payables	6	6
Accruals and contract liabilities	5,227	6,294
	8,734	8,901

Amounts owed to group undertakings are non-interest bearing, unsecured and payable on demand.

As set out in note 3, £997k (FY22: £1,629k) of the contract liabilities are due in more than one year.

16 Called up share capital

	Allotted, issued and fully paid			
	2023	2022	2023	2022
	Number	Number	£000	£000
Ordinary shares of £1 each	55,264	55,264	55	55

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital redemption reserve

The capital redemption reserve comprises the amount paid to the Company by shareholders, in cash or other consideration, over and above the nominal value of the shares issued to them.

17 Events after the statement of financial position date

Prior to the 31 March 2023, the Company were in settlement discussions with a third party. An agreement was reached post year end with the third party and a settlement agreement entered into in favour of the Company. The income and costs are included in exceptional items in Note 6.

18 Ultimate parent Company

The Company is a subsidiary undertaking of Eckoh plc which is the ultimate parent Company in England and Wales.

The smallest and largest Group in which the results of the Company are consolidated is that headed by Eckoh plc. No other Group Financial Statements include the results of the Company. Copies of the financial statements of Eckoh plc are available to the public and can be obtained from Telford House, Corner Hall, Hemel Hempstead, Hertfordshire, HP3 9HN.