

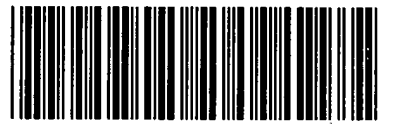
Eckoh UK Limited

**Annual Report and
Financial Statements**

For the year ended

31 March 2024

Company Number 02796531



Eckoh UK Limited

Annual Report and financial statements for the year ended 31 March 2024

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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 2024

The Directors present the strategic report for the year ended 31 March 2024.

Principal Activities

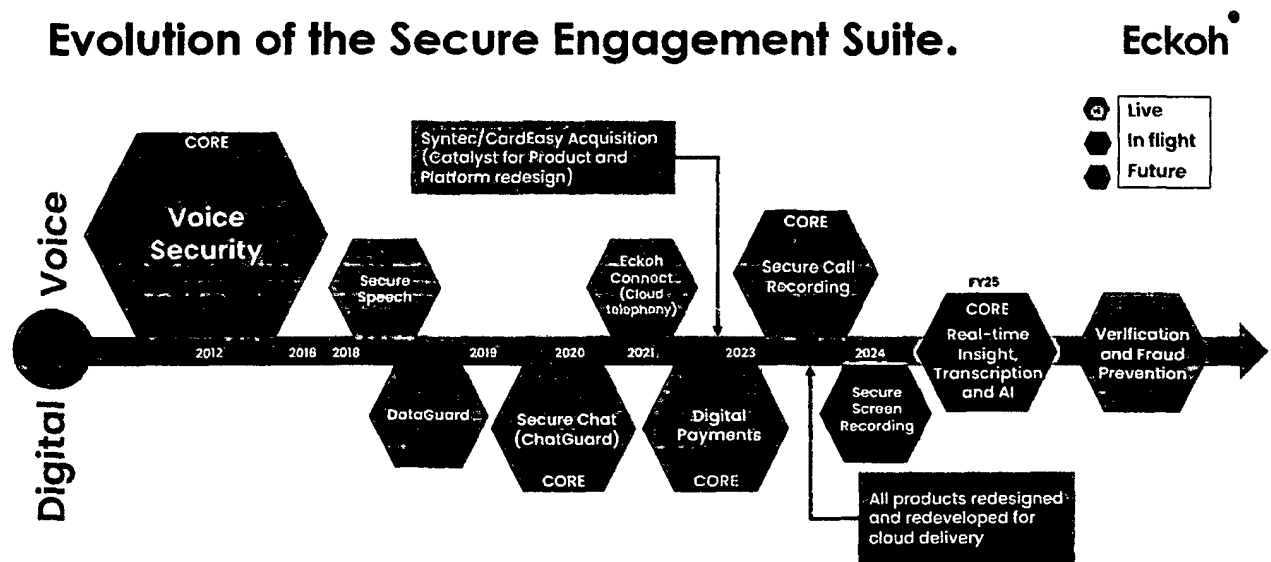
The principal activities of the Company are providing Customer Engagement Data Security solutions, through a suite of patented products. Our overarching strategic goal is our mission, which is to set the standard for secure interactions between consumers and the world's leading brands. Companies today 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.

With the launch of our unified go-to-market proposition of Customer Engagement Data Security Solutions we expect to be able to increase the lifetime value of our clients and we continue to have high renewal rates and low levels of churn.

Eckoh's **Secure Engagement Suite** comprises complementary data security products that can be delivered to a client either individually or as a solution set and that are sold in a conventional SaaS licensing model usually on multi-year contracts. After acquiring Syntec in December 2021 we redesigned our platform and products into this new suite that is delivered to the clients through a common cloud platform we call our **Secure Voice Cloud**.

The Secure Engagement Suite was formally launched in early 2023 and over time it is expected that more new clients will take multiple products as part of their initial contract and that existing clients will add further products because of our cross-selling initiatives. This is already beginning to bear fruit in the results we have seen in the period and the pipeline that is building.



The diagram above shows the evolution of the products over time together with a representative value or importance of the opportunity they offer. The first seven are all now available and are delivered through our Secure Voice Cloud, which is deployed in AWS and Azure, but with the vast majority of our clients using our AWS platforms.

Eckoh UK Limited

Strategic Report for the year ended 31 March 2024

Launching our new Secure Call Recording product

- Our new product automatically secures sensitive customer data and incorporates the ability to transcribe calls into text at a highly accurate level, unlocking the business intelligence and insight that these conversations contain
- Reception to the product has been excellent and we already have clients deployed and live
- An increasing number are expected to take the service over time as their existing call recording contracts come up for renewal, or as they move to the cloud.

Addition of Secure Screen Recording

- An important requirement for certain clients is the addition of screen recording, which is available imminently
- This feature records visually whatever activity the agent is doing on their desktop and what applications they have open. It also allows the audio from the call recording to be played back synchronously while reviewing the visuals
- This is helpful for training purposes as well as providing a further level of security
- We do not expect this capability to be sold on a standalone basis but alongside Secure Call Recording, and those clients who take it will incur an additional monthly per agent fee.

Updated our Secure Digital Payments product

- During the year, we launched a significant update to our Secure Digital Payments product, offering enhanced digital payment choice and convenience within contact centres
- Customers now have the freedom to combine their preferred contact channel with their favourite payment method: Apple Pay over WhatsApp, Pay by Bank via live chat, pay-later apps over the phone, or other combinations
- It enables contact centres to:
 - better serve customer needs
 - extend their services to social media and third-party channels
 - increase payment volumes and speed
 - provide greater choice with pay-now or pay-later options and,
 - provide stronger authenticated security through methods such as fingerprint or facial recognition
- This will be followed with an upgrade to ChatGuard to add alternative payment methods, which will be available to clients in the second quarter of this new financial year.

Roadmap - real-time insight and transcription solution

- On the roadmap for launch this year is our real-time insight and transcription solution that uses AI and machine learning to assist advisors in providing the best possible assistance, whether they are experienced agents or not
- The first phase will see the release of the insight tool which will allow our client real-time visibility of their agent activity across their contact centre facilities and agent's home locations
- Monitoring the performance of a hybrid agent workforce is challenging, and security concerns are heightened, so this tool, which can be used in combination with the Voice Security, Secure Call Recording or the Real-time Transcription & AI products will be a valuable addition to our client's ability to drive both service quality and security
- Phase two will deliver real-time transcription and sentiment analysis to enable managers or supervisors to view active conversations between agents and customers to aid or assess performance
- The AI engine will be able to guide the agent to the next best action, based on its knowledge of previous historic outcomes, enabling less experienced agents to perform at a higher standard thus increasing both customer and agent satisfaction.

The impact of AI on Eckoh's market

Recently there has been significant interest and discussion regarding the impact that AI and the use of 'conversational bots' will have on the contact centre industry. Automation is nothing new in customer engagement and increased self-service from AI bots will not remove the need for, or the benefits that clients derive from Eckoh's security solutions. While over time the proportion of interactions successfully handled by bots will increase, human agents will continue for the foreseeable future to be the dominant provider of customer engagement for enterprises.

Eckoh UK Limited

Strategic Report for the year ended 31 March 2024

Sensitive data will still need to be kept out of the client environment to simplify PCI DSS compliance and to minimise security risks from cyber-attacks. Bots will frequently need to 'hand off' the interaction to a human agent when they are unable to successfully complete the task. This means that sensitive data will still need to be protected and excluded from every session.

Eckoh's Universal License allows organisations to utilise our software on any customer channel and interchangeably between human agents and bots. It provides complete future-proofing for our clients who know their customer engagement strategy will evolve, but are unsure (as most are) exactly how this will manifest itself.

Conversational AI Bots undoubtedly deliver a compelling opportunity for Eckoh's clients to reduce overhead on their human agents and reduce the cost to serve. AI Bots for large enterprises will, however, require significant 'domain-specific' design to deliver a level of performance that will be sufficiently good enough to be both suitable and worthwhile for well-known brands. Eckoh has 20 years' experience in designing and delivering domain-specific natural language speech applications, so we understand through experience what is required to achieve success. As a provider that is already in a position of trust *with our client, is in the customer contact path and has presence at the agent desktop* we are uniquely placed to cross-sell Conversational Bots to existing clients or include them in solutions for new clients.

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 £18.3 million (FY23: £19.7 million) a decrease of 7%, recurring revenue increased to 86% (FY23: 80%).

Gross profit in the year was £16.1 million (FY23: £16.7 million) with gross margin improving to 88% (FY23: 85%). Adjusted operating profit in the year was £3.1 million (FY23: £4.2 million) and there were exceptional items of £1.7 million (FY23: £0.2 million).

Total contracted business was £24.5 million compared to £13.4 million in the prior year and new contracted business was £4.8 million compared to £3.1 million. The largest new contract win was for a three-year contract with a large UK-based media and telecommunications provider for voice and chat security worth £2.3m (of which £0.8m is a renewal of an existing service that has migrated to the cloud).

Client renewals in the year were strong at £16.7 million (FY23: £10.3 million), all renewals contained our Data Security Solutions and were all multi-year. Our largest renewals were for Capita O2, Tenpin, Premier Inn, Vanquis (through Maintel), AllPay, PowerNI and VMO2, which has now contracted directly with Eckoh.

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. £3.1 million of the new business secured in the year (FY23: £1.7 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.

Eckoh UK Limited

Strategic Report for the year ended 31 March 2024

The balance sheet on page 14 shows the Company's financial position at the year end with net assets of £28 million (FY23: £32.0 million). Details of the amounts owed by/to its parent and group companies are shown in notes 14 and 15 to the financial statements.

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. Policies for managing these risks are set the Eckoh plc Board following recommendations from the Chief Financial Officer. All financial risks are managed centrally. The Company's financial instruments comprise cash, short-term deposits and various items, such as receivables and payables that arise directly from its operations. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. Similarly, the Group did not undertake any financial hedging arrangements during the year under review.

On behalf of the board



C G Herbert
Director

28 November 2024

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

Eckoh UK Limited

Directors' Report for the year ended 31 March 2024

The Directors present their report and the audited financial statements for the year ended 31 March 2024.

Results and dividends

The profit before tax for the year was £1.5 million (FY23: £4.1 million). The Directors recommend the payment of a final dividend of £80.00 (FY23: £80.00) per ordinary share amounting to £4.4 million (FY23: £4.4 million) to be paid on 10 December 2024.

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

Political contributions

The Company made no political contributions during the period (FY23: £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 2024, 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 2024 and are forecast to continue to be so for at least 12 months from the date of approval of the financial statements. With the Group cash position at the end of March 2024 at £8.3 million and the Group and Company cashflow forecasts prepared, which show continuing cash generation, the RCF facility will not be required after December 2024, when the facility expires.

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.

On 30 October 2024, the Board recommended a cash acquisition of Eckoh plc from Eagle UK Bidco Limited, an indirect, wholly-owned subsidiary of certain funds managed by Bridgepoint Advisors II Limited to be effected by a means of a Scheme of Arrangement under Part 26 of the Companies Act 2006. The Scheme of Arrangement, once approved by the Court will be communicated to Shareholders to vote, with a Court Meeting and General Meeting expected to be held on 6th January 2025. Should Shareholder approval for the acquisition be obtained on 6th January, the Company will attend a Sanction Hearing on 16th January 2025, with the anticipated effective date of the Scheme being 20th January 2025. We have considered the impact of this acquisition for our going concern assessment with our conclusion remaining unchanged.

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 2024, there has been an increase in the amount capitalised of intangible assets to £0.8 million relating to the Call-Recording product. (FY23: £0.6 million).

Eckoh UK Limited

Directors' Report for the year ended 31 March 2024

Sustainability report

Sustainability report for the Group of which the Company is part can be found in Eckoh plc Annual Report on pages 24 to 29, 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.

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 2024, 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 24 to 29.

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 2024, the amount of trade creditors shown in the balance sheet represents 89 days of average purchases for the Company (FY23: 88 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 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.

Eckoh UK Limited

Directors' Report for the year ended 31 March 2024

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 a Director 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



28 November 2024

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 2024 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 2024; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 2024 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 the posting of inappropriate or unusual journal entries, and the risk of bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inspection of company policy documentation and procedures to prevent and detect fraud;
- 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;
- Reviewing board meeting minutes during the year;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing legal expenses incurred during the year to assess any unknown litigation or non compliance with laws and regulations;
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations; and
- Testing key accounting estimates which could have a risk of management bias.

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.



Imran Younus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
28 November 2024

Eckoh UK Limited

Statement of comprehensive income for the year ended 31 March 2024

| | Note | 2024 £000 | 2023 £000 |
|--|------|-----------------|--------------|
| Revenue | 3 | 18,328 | 19,657 |
| Cost of sales | | (2,198) | (2,922) |
| Gross profit | | 16,130 | 16,735 |
| Administrative expenses | | (13,022) | (12,523) |
| Adjusted Operating profit | | 3,108 | 4,212 |
| Exceptional items | 6 | (1,694) | (202) |
| Operating profit | | 1,414 | 4,010 |
| Finance charges | 7 | 91 | 55 |
| Finance income | 7 | (14) | (11) |
| Profit before taxation | 4 | 1,491 | 4,054 |
| Tax on profit | 8 | (123) | (539) |
| Profit for the financial year | | 1,368 | 3,515 |
| Other comprehensive expense | | | |
| Foreign currency translation differences – net of tax | | (59) | (82) |
| Total comprehensive income for the year attributable to the equity holders of the Company | | 1,309 | 3,433 |

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

The notes on pages 17 to 30 form part of these financial statements.

Eckoh UK Limited

Balance sheet as at 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Intangible assets | 9 | 2,083 | 1,730 |
| Tangible assets | 10 | 845 | 480 |
| Right-of-use leased assets | 11 | 239 | 216 |
| | | 3,167 | 2,426 |
| Current assets | | | |
| Inventories | 13 | 23 | 13 |
| Trade and other receivables | 14 | 31,633 | 38,351 |
| Cash at bank and in hand | | 123 | 161 |
| | | 31,779 | 38,525 |
| Creditors: amounts falling due within one year | 15 | (7,001) | (8,959) |
| Net Current assets | | 24,778 | 29,566 |
| Net assets | | 27,945 | 31,992 |
| Capital and reserves | | | |
| Called up share capital | 16 | 55 | 55 |
| Capital redemption reserve | | 6,986 | 6,986 |
| Retained earnings | | 20,904 | 24,951 |
| Total equity | | 27,945 | 31,992 |

The notes on pages 17 to 30 form part of these financial statements.

The financial statements on pages 14 to 30 were approved by the Board of Directors on 28 November 2024 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 2024

| | Called up share capital £000 | Capital redemption reserve £000 | Retained earnings £000 | Total equity £000 |
|---|---------------------------------------|--|------------------------------|-------------------------|
| Balance at 1 April 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 |
| Profit for the financial year | - | - | 1,368 | 1,368 |
| Other comprehensive expense | - | - | (59) | (59) |
| Total comprehensive income for the year | - | - | 1,309 | 1,309 |
| <i>Transactions with owners recorded directly in equity</i> | | | | |
| Dividends paid | - | - | (6,632) | (6,632) |
| Share based payment charge | - | - | 695 | 695 |
| Deferred tax on share options | - | - | 581 | 581 |
| Balance at 31 March 2024 | 55 | 6,986 | 20,904 | 27,945 |

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2024

General Information

Eckoh UK Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the United Kingdom. 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.

1.2 Basis of preparation

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.

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.

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.

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.

1.4 Exemptions for qualifying entities under FRS 101

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

- IAS 7 Statement of Cash Flows – a cash flow statement and related notes;
- IAS 1, para 38 - comparative period reconciliations for share capital, tangible assets, and intangible assets;
- IAS 24 Related Party Disclosures para 17 and 18A - 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* para 45(b) and 46 to 52 in respect of group settled share based payments

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

1.4 Exemptions for qualifying entities under FRS 101 (Cont'd)

Certain disclosures required by:

- IFRS 13 Fair Value Measurement, para 8(e),
- IFRS 7 Financial Instruments: Disclosures, para 110 and 113(a), 114, 115, 118, 119(a);
- IFRS 15 Revenue from Contracts with Customers, para 120 to 127 and 129; and
- IFRS 16 Leases, para 52 and 58.

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 2024, 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 2024 and are forecast to continue to be so for at least 12 months from the date of approval of the financial statements. With the Group cash position at the end of March 2024 at £8.3 million and the Group and Company cashflow forecasts prepared, which show continuing cash generation, the RCF facility will not be required after December 2024, when the facility expires.

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.

On 30 October 2024, the Board recommended a cash acquisition of Eckoh plc from Eagle UK Bidco Limited, an indirect, wholly-owned subsidiary of certain funds managed by Bridgepoint Advisors II Limited to be effected by a means of a Scheme of Arrangement under Part 26 of the Companies Act 2006. The Scheme of Arrangement, once approved by the Court will be communicated to Shareholders to vote, with a Court Meeting and General Meeting expected to be held on 6th January 2025. Should Shareholder approval for the acquisition be obtained on 6th January, the Company will attend a Sanction Hearing on 16th January 2025, with the anticipated effective date of the Scheme being 20th January 2025. We have considered the impact of this acquisition for our going concern assessment with our conclusion remaining unchanged.

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:

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

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

Critical accounting estimates and assumptions (cont'd)

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.

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. At 31 March 2024, the Company recognised deferred tax assets of £1,065k and deferred tax liabilities of £7k. Included within the deferred tax asset of £1,065k is £1,048k in respect of the expected future corporation tax deduction available on exercise of share options.

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.

Tangible assets

Tangible assets are 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 trade and other receivables, cash at bank and in hand.

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.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

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

Financial Assets (Cont'd)

Cash at bank and in hand

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises design costs, raw materials, direct labour and other direct costs. It excludes borrowing 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 £1,976k (FY23: £1,695k), other payables of £26k (FY23: £6k), other taxation and social security of £794k (FY23: £694k), accruals and contract liabilities of £3,962k (FY23: £5,227k) and amounts owing to Group undertakings £nil (FY23: £1,112k). Lease liabilities are £243k in total (FY23: £225k), with current lease liabilities of £243k.

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

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.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

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

Employee benefits (cont'd)

(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.

(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) 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 2024 (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.

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

| | 2024 £000 | 2023 £000 |
|---|-----------------------|-----------------------|
| United Kingdom | 15,759 | 17,292 |
| United States of America | 2,168 | 2,203 |
| Rest of the World | 401 | 162 |
| Total Revenue | 18,328 | 19,657 |
| | 2024 £'000 | 2023 £'000 |
| Timing of revenue recognition | | |
| Services transferred at a point in time | 4,164 | 4,055 |
| Services transferred over time | 14,164 | 15,602 |
| | 18,328 | 19,657 |

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

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Receivables, which are included in, 'Trade and other receivables' | 3,272 | 2,282 |
| Contract assets which are included in 'Trade and other receivables' | 510 | 964 |
| Contract liabilities which are included in 'Trade liabilities' | (2,147) | (2,788) |
| | 1,635 | 458 |

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.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

3. Revenue (cont'd)

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

| | 31 March 2024 | | 31 March 2023 | |
|--|--------------------------|-------------------------------|--------------------------|-------------------------------|
| | 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 | - | 2,166 | - | 3,103 |
| Current year billings recognised in contract liabilities | - | 902 | - | 1,659 |
| Cost of sales recognised that was included in the contract assets balance at the beginning of the period | 732 | - | 1,108 | - |
| Costs deferred in current year and unbilled revenue included in contract assets | 287 | - | 470 | - |

4 Profit before taxation

| | 2024 £000 | 2023 £000 |
|--|--------------|--------------|
| Profit before taxation is stated after charging: | | |
| Depreciation of tangible assets (note 10) | 303 | 375 |
| Amortisation of intangible assets (note 9) | 516 | 398 |
| Depreciation of leased assets (note 11) | 455 | 391 |
| Inventory recognised as an expense (note 13) | - | 1 |
| Employee costs (note 5) | 8,923 | 9,016 |

Services provided by the Company's auditors

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

| | 2024 £000 | 2023 £000 |
|--|--------------|--------------|
| Fees payable for the audit of the Company financial statements | 95 | 90 |

5 Employees' and directors' emoluments

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

| | 2024 Number | 2023 Number |
|-------------------------------|----------------|----------------|
| Technical support | 58 | 61 |
| Customer services | 27 | 31 |
| Administration and management | 46 | 45 |
| | 131 | 137 |

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

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

| Staff costs for the above persons: | 2024 | 2023 |
|---|---------|-------|
| | £000 | £000 |
| Wages and salaries | 8,664 | 8,452 |
| Social security costs | 1,028 | 978 |
| Other pension costs | 223 | 195 |
| Share based payments | 695 | (226) |
| Less: amounts recharged to related entities | (1,687) | (384) |
| | 8,923 | 9,016 |

1. Amount recharged to related entities pertains to staff costs incurred by the Company for services rendered on behalf of related entities.

Directors' remuneration

| Name | Salary and fees £000 | Benefits ¹ £000 | Pension ² £000 | Annual bonus £000 | 2024 Total £000 | 2023 Total £000 |
|-------------|----------------------------|-------------------------------|------------------------------|-------------------------|-----------------------|-----------------------|
| N B Philpot | 349 | 19 | - | 44 | 412 | 453 |
| C G Herbert | 204 | 15 | 20 | 28 | 267 | 291 |
| | 553 | 34 | 20 | 72 | 679 | 744 |

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 (FY23: 1). Retirement benefits under defined benefit schemes are accruing to no Directors (FY23: none). The number of Directors who exercised share options was none (FY23: none).

6 Exceptional items

| | 2024 | 2023 |
|--|---------|-------|
| | £000 | £000 |
| Restructuring costs | (394) | - |
| Exceptional legal fees and settlement agreements | (1,300) | (202) |
| | (1,694) | (202) |

Exceptional items relating to restructuring costs and legal fees and settlement agreements, both of which are presented as irregular costs as they are unlikely to reoccur in the near future.

Restructuring costs relate to employees who previously delivered the large bespoke self-service projects as the business continues to focus on its SaaS-style cloud deployed products. In addition, there were a number of the UK Sales team who were made redundant, with the shift in focus to the US market and operating as a global team. There were no exceptional restructuring costs incurred in the financial year ended 31 March 2023.

Legal fees and settlement agreements of £1,300k (FY23: £202k- settlement income of £950k received was 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

Eckoh UK Limited

Notes forming part of the financial statements
for the year ended 31 March 2024 (continued)

7 Finance income /(charges)

| | 2024 | 2023 |
|--|-------------|-------------|
| | £000 | £000 |
| Interest receivable | | |
| Bank interest received | 3 | 2 |
| Income from loans in Group undertaking | 88 | 53 |
| | 91 | 55 |
| | | |
| | 2024 | 2023 |
| | £000 | £000 |
| Lease interest payable | (14) | (11) |
| | (14) | (11) |

8 Tax on profit

| | 2024 | 2023 |
|--|------------|------------|
| | £000 | £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 | (85) | - |
| Total current tax | (85) | 123 |
| <i>Deferred tax</i> | | |
| Origination and reversal of temporary differences | 219 | 494 |
| Reduction in tax rate | - | (67) |
| Adjustment in respect of prior periods | (11) | (11) |
| Total deferred tax | 208 | 416 |
| Tax on profit | 123 | 539 |

The tax assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK of 25% (2023: 19%). The differences are explained below:

| | 2024 | 2023 |
|---|------------|------------|
| | £000 | £000 |
| Profit before taxation | 1,491 | 4,054 |
| Profit multiplied by the UK corporation tax rate of 25% (2023: 19%) | 373 | 770 |
| Non-deductible expenses | - | (2) |
| Adjustment in respect of prior periods (current and deferred) | (96) | (11) |
| Impact of difference between current and deferred tax rates | - | (27) |
| Effect of rate change on deferred tax opening balance | - | (68) |
| Deferred tax impact of share options | (154) | (123) |
| Total tax charge for the year | 123 | 539 |

The 2021 Finance Bill was substantively enacted on 24 May 2021. The main rate of UK corporation tax increased from 19% to 25% with effect from 1 April 2023. The Group's UK deferred tax assets and liabilities have been calculated at 25% in financial year to 31st March 2024 (FY23: 25%).

The Organisation for Economic Co-operation and Development has published Pillar Two model rules that are designed to address the tax challenges arising from the digitalisation of the global economy. The Pillar Two legislation has been enacted in the UK where the Company is a tax resident. However, this legislation does not apply to the Company as global revenues have not exceeded €750m in at least two of the previous four years.

Eckoh UK Limited

Notes forming part of the financial statements
for the year ended 31 March 2024 (*continued*)

| 8 | Tax on profit (cont'd) | 2024 £000 | 2023 £000 | |
|---|---|------------------------------|----------------------|---------------|
| | Tax recognised directly in equity: | | | |
| | Deferred tax recognised directly in equity credit | 581 | - | |
| | Total tax recognised directly in equity credit | 581 | - | |
| | Deferred tax assets | 2024 £000 | 2023 £000 | |
| | Tangible assets | (7) | 204 | |
| | Short term timing differences | 1,065 | 170 | |
| | Tax value of loss carry-forwards | - | 311 | |
| | Net tax assets | 1,058 | 685 | |
| | Movement in deferred tax balances during the year: | 2024 £000 | 2023 £000 | |
| | Balance at 1 April | 685 | 1,101 | |
| | Recognised in income statement | (208) | (416) | |
| | Recognised in equity | 581 | - | |
| | Balance at 31 March | 1,058 | 685 | |
| 9 | Intangible assets | Development costs £000 | Patents £000 | Total £000 |
| | <i>Cost</i> | | | |
| | Balance at 1 April 2023 | 5,133 | 286 | 5,419 |
| | Additions | 869 | - | 869 |
| | Balance at 31 March 2024 | 6,002 | 286 | 6,288 |
| | <i>Accumulated amortisation and impairment</i> | | | |
| | Balance at 1 April 2023 | 3,479 | 210 | 3,689 |
| | Amortisation for the year | 494 | 22 | 516 |
| | Balance at 31 March 2024 | 3,973 | 232 | 4,205 |
| | <i>Net book value</i> | | | |
| | At 31 March 2023 | 1,654 | 76 | 1,730 |
| | At 31 March 2024 | 2,029 | 54 | 2,083 |

The amortisation charge is recognised within the administrative expenses line.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

| 10 Tangible assets | Fixtures, fittings and equipment £000 |
|----------------------------------|---|
| <i>Cost</i> | |
| Balance at 1 April 2023 | 7,981 |
| Additions | 668 |
| Balance at 31 March 2024 | 8,649 |
| <i>Accumulated depreciation</i> | |
| Balance at 1 April 2023 | 7,501 |
| Depreciation charge for the year | 303 |
| Balance at 31 March 2024 | 7,804 |
| <i>Net book value</i> | |
| At 31 March 2023 | 480 |
| At 31 March 2024 | 845 |

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 2023 | 1,245 | |
| Additions | 478 | |
| Balance at 31 March 2024 | 1,723 | |
| <i>Accumulated depreciation</i> | | |
| Balance at 1 April 2023 | 1,029 | |
| Charge for the year | 455 | |
| Balance at 31 March 2024 | 1,484 | |
| <i>Net book value</i> | | |
| At 31 March 2023 | 216 | |
| At 31 March 2024 | 239 | |
| Lease liabilities | 2024 | 2023 |
| | £'000 | £'000 |
| Current | 243 | 225 |
| Non-current | - | - |
| | 243 | 225 |
| Lease interest expense | 2024 | 2023 |
| | £'000 | £'000 |
| Interest expense (included in finance costs) | (14) | (11) |

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

The total cash outflow for leases in 2024 was £487k (FY23: £411k), made up of principle lease payments of £473k (FY23: £400k) and lease interest payments of £14k (FY23: £11k).

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 2024 % | Ownership 2023 % |
|-------------------------|--------------------------|----------------------|------------------|------------------|
| Eckoh France SAS | France (i) | Ordinary | 100 | 100 |
| Intelliplus Limited | United Kingdom (ii) | Ordinary and special | 100 | 100 |
| Medius Networks Limited | United Kingdom (ii) | Ordinary | 100 | 100 |

(i) The registered office is Rue De La Vielle Poste Parc, Industriel et Technologique de la Pompignane, 34000 Montpellier

(ii) The registered office is Telford House, Corner Hall, Hemel Hempstead HP3 9HN.

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

| | 2024 £000 | 2023 £000 |
|----------------|--------------|--------------|
| Finished goods | 23 | 13 |
| | 23 | 13 |

The cost of inventory recognised as an expense during the year was £nil (FY23: £1k). Inventory is stated after a provision of £nil (FY23: £1k).

14 Trade and other receivables

| | 2024 £000 | 2023 £000 |
|---|--------------|--------------|
| Trade receivables | 3,278 | 2,288 |
| Less: Loss allowance | (6) | (6) |
| Net trade receivables | 3,272 | 2,282 |
| Amounts owed by group undertakings | 21,917 | 28,681 |
| Prepayments and contract assets | 2,046 | 3,358 |
| Corporation Tax | 49 | - |
| | 27,284 | 34,321 |
| Long-term debtors | | |
| Amount receivable from group undertakings | 3,291 | 3,345 |
| Deferred tax asset (note 8) | 1,058 | 685 |
| Total Long-term debtors | 4,349 | 4,030 |
| Total Trade and other receivables | 31,633 | 38,351 |

All trade receivables in the current and prior year are stated after a loss allowance of £6k (FY23: £6k). Amounts owed by group undertakings included in current assets are interest free and unsecured and payable on demand. Amounts receivable from group undertakings of £3,291k, are seven year loans, which mature between 2027 and 2029, with interest rates of between 1.35% and 4.66%. No expected credit loss has been calculated for the amount receivable from group undertakings, as the Directors expect the full amount to be recoverable.

Eckoh UK Limited

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

| Gross trade receivables – ageing | 2024 £'000 | 2023 £'000 |
|----------------------------------|---------------|---------------|
| Current | 2,216 | 1,846 |
| 1-30 days | 438 | 287 |
| 31-60 days | 392 | 70 |
| 61-90 days | 154 | 20 |
| Over 90 days | 78 | 65 |
| | 3,278 | 2,288 |

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

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's trade and other receivables. Concentrations of credit risk with respect to trade receivables are limited due to working capital practices of the market sector and the Group as well as the nature of the Group's customer base. The reputable nature of the Group's current customer base limits exposure to credit risk.

15 Creditors: amounts falling due within one year

| | 2024 £000 | 2023 £000 |
|------------------------------------|--------------|--------------|
| Trade payables | 1,976 | 1,695 |
| Amounts owed to group undertakings | - | 1,112 |
| Taxation and social security | 794 | 694 |
| Other payables | 26 | 6 |
| Accruals and contract liabilities | 3,962 | 5,227 |
| Lease liabilities | 243 | 225 |
| | 7,001 | 8,959 |

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

As set out in note 3, £997k (FY23: £1,629k) of the contract liabilities are due in more than one year.

Included in accruals and contract liabilities is £1,815k (FY23: £2,441k) relating to accrued liabilities.

16 Called up share capital

| | Allotted, issued and fully paid | | | |
|----------------------------|---------------------------------|----------------|--------------|--------------|
| | 2024 Number | 2023 Number | 2024 £000 | 2023 £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.

Eckoh UK Limited

Notes forming part of the financial statements
for the year ended 31 March 2024 (*continued*)

17 Ultimate parent Company

The Company is a wholly owned subsidiary undertaking of Eckoh plc which is the immediate and 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.

18. Post Balance Sheet Event

On 30 October 2024, the Board recommended a cash acquisition of Eckoh plc from Eagle UK Bidco Limited, an indirect, wholly-owned subsidiary of certain funds managed by Bridgepoint Advisors II Limited to be effected by a means of a Scheme of Arrangement under Part 26 of the Companies Act 2006. The Scheme of Arrangement, once approved by the Court will be communicated to Shareholders to vote, with a Court Meeting and General Meeting expected to be held on 6th January 2025. Should Shareholder approval for the acquisition be obtained on 6th January, the Company will attend a Sanction Hearing on 16th January 2025, with the anticipated effective date of the Scheme being 20th January 2025.