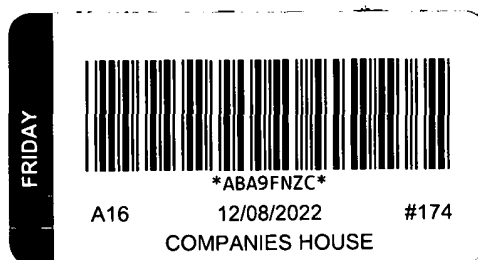


Registration number: 13662328

**Svella Connect Limited**  
(previously Svella Co2 Limited)

**Annual Report**

**5 October 2021 to 30 April 2022**



## **Svella Connect Limited**

### **Contents**

Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	7
Independent Auditor's Report to the Members of Svella Connect Limited	8
Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15

## **Svella Connect Limited**

### **Company Information**

#### **Directors**

B M Whawell

W A Tinkler

#### **Registered office**

FIFTEEN  
Montgomery Way  
Rosehill Industrial Estate  
Carlisle  
CA1 2RW

#### **Auditor**

UNW LLP  
Chartered Accountants  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JE

## Svella Connect Limited

### Strategic Report for the Period Ended 30 April 2022

The directors present their strategic report for the period ended 30 April 2022.

#### Principal activity

The principal activity of the company is the provision of digital infrastructure solutions.

#### Fair review of the business

On 7 October 2021, the business assets relating to the telecoms division of nmcn plc were acquired. The reported results therefore only represent the equivalent of seven months of annualised results. The directors consider that the results for the period and the financial position at the end of the period, were satisfactory.

The company's key financial and other performance indicators during the period were as follows:

	Unit	2022
Turnover	£'000	36,818
Profit before tax	£'000	1,353

At the end of the period, the net assets totalled £1,098,000.

Given the straightforward nature of the business, the company's directors are of the opinion that any further analysis using KPI's is not necessary for an understanding of the development, performance and position of the business.

#### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks, none of which are of sufficient importance to be mentioned in this report. The company's directors are confident that the business will continue to adapt to changing business circumstances.

Approved and authorised by the Board on 10 August 2022 and signed on its behalf by:



.....  
W A Tinkler  
Director

## **Svella Connect Limited**

### **Directors' Report for the Period Ended 30 April 2022**

The directors present their report and the financial statements for the period ended 30 April 2022.

On 12 October 2021, a resolution was passed to change the company name to Svella Connect Limited (previously Svella Co2 Limited).

#### **Directors of the company**

The directors who held office during the period were as follows:

B M Whawell (appointed 5 October 2021)

W A Tinkler (appointed 5 October 2021)

#### **Dividends**

The directors do not recommend the payment of a final dividend in respect of the financial period ended 30 April 2022. There was no interim payment for the period ended 30 April 2022.

#### **Financial instruments**

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

The business' principal financial instruments comprise trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance for the continuity of funding.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### **Employee involvement**

The corporate culture of the company is to pursue the stability of the business and to do that we know that we need a strong and stable workforce. To ensure that, we are committed to instilling and developing a culture that focuses on the mental and physical wellbeing of our colleagues, open career advancement and training pathways for everyone.

Employees are kept informed on a wide range of matters through digital newsletters and regular meetings. Recently the business has engaged in group wide interactive employee workshops covering a variety of topics relating to the business, operations, performance and strategy.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of any members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate adjustments are made to their roles. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## Svella Connect Limited

### Directors' Report for the Period Ended 30 April 2022 (continued)

#### Environment

We work hard to minimise our impact on the communities we operate in and the environment and we have an increasing focus on sustainability.

#### **Greenhouse gas emissions, energy consumption and energy efficiency action**

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018 requires Svella Connect Limited to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held - this includes electricity, natural gas, and business travel in company owned or fleet vehicles.

The table below details the regulated SECR energy and GHG emission sources for the current reporting period.

	<b>2022</b>
Total energy consumption used to calculate emissions (kWh)	8,003,812

#### **Tonnes of carbon dioxide equivalent – tCO<sub>2</sub>e**

	<b>2022</b>
Transport	1,878
Natural Gas	NA
Electricity	NA
	<hr/> <hr/> 1,878

#### **Intensity measurement**

The chosen intensity measurement ratio is tCO<sub>2</sub> emissions per £m of revenue.

	<b>2022</b>
£m turnover	36.8
tCO <sub>2</sub> e per £m of turnover	51.0

#### **Quantification and reporting methodology**

In line with the 2018 Regulations we have adopted The Environmental Reporting Guidelines including Streamlined Energy and Carbon Reporting (SECR) Guidance (2019).

On 7 October 2021, Svella Connect Limited acquired the trade and physical assets and liabilities of the telecoms division of nmcn Plc. Due to the move of the division out of administration, there has been a reliance on third party transitional services for a large part of the period where the data required for energy consumption (natural gas and electricity) is unavailable.

## **Svella Connect Limited**

### **Directors' Report for the Period Ended 30 April 2022 (continued)**

Between 7 October 2021 and 31 December 2021, fuel consumption is estimated. From 1 January 2022, report calculations are from actual data. Fuel data is from our fuel supplier monthly reports which details how much fuel has been purchased each month. From this it is a simple calculation to work out CO<sub>2</sub> emissions and energy consumption (kWh) as well as gas and electricity consumption.

Conversion factors used in the calculations are taken from UK Government GHG Conversion Factors for Company Reporting 2022.

#### **Future developments**

The directors do not expect there to be any significant change to the way the company operates in the near future.

#### **Other matters**

During the period, the company was renamed to "Svella Connect Limited".

#### **Directors' statement of compliance with duty to promote the success of the company**

Section 172 of the Companies Act 2006 requires the directors to promote the success of the company for the benefit of its members as a whole, having regard to the interests of stakeholders in their decision making. In making decisions, the directors have had regard to the likely consequences of their decisions in the long term, and understand the impact of the company's activities on local communities, the environment, and its reputation generally.

When making their decisions the directors have taken into consideration all information available to them at the time the decision was made, any potential risks and mitigation, and balanced this against the principal activity of the business, being the basis on which shareholders have subscribed for shares in the company.

In that regard, the directors consider that they have, both collectively and individually, acted in good faith in a way which would most likely promote the success of the company for the benefit of its members as a whole, and in doing so have had regard (amongst other matters) to factors (a) to (f) as set out in Section 172(1) of the Companies Act 2006.

#### **Post balance sheet events**

There are no post balance sheet events affecting the company.

**Svella Connect Limited**

**Directors' Report for the Period Ended 30 April 2022 (continued)**

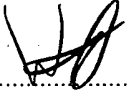
**Disclosure of information to the auditor**

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Auditor**

During the period the company appointed UNW LLP as auditor. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

Approved by the Board on 10 August 2022 and signed on its behalf by:



.....  
W A Tinkler

Director

## **Svella Connect Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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



## **Independent auditor's report to the members of Svella Connect Limited**

### **Opinion**

We have audited the financial statements of Svella Connect Limited (the 'company') for the period ended 30 April 2022, which comprise the statement of profit and loss, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2022 and of its profit for the period has ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those statements are further described in the 'Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our



## **Independent auditor's report to the members of Svella Connect (continued)**

knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements' and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements' that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements', the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



## **Independent auditor's report to the members of Svella Connect (continued)**

### **Auditor's responsibilities for the audit of the financial statements**

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

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

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with laws and regulations. We have communicated identified laws and throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



## **Independent auditor's report to the members of Svella Connect (continued)**

### **Use of our report**

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

*Fern Rivett*

**Fern Rivett BA ACA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne

10 August 2022

## Svella Connect Limited

### Statement of Comprehensive Income for the 7 Month Period Ended 30 April 2022

	Note	2022 £'000
<b>Profit and loss account</b>		
Revenue	4	36,818
Cost of sales		(33,467)
Gross profit		<u>3,351</u>
Administrative expenses		(1,998)
Operating profit	7	<u>1,353</u>
Interest payable and similar charges		-
Profit before tax		<u>1,353</u>
Taxation	9	(255)
Profit for the financial period		<u>1,098</u>

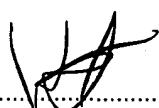
There was no other comprehensive income for 2022.

## Svella Connect Limited

### Balance Sheet as at 30 April 2022

	Note	2022 £'000
<b>Fixed assets</b>		
Intangible assets	10	62
Tangible assets	11	101
		<u>163</u>
<b>Current assets</b>		
Debtors	12	15,484
Cash at bank and in hand	13	9
		<u>15,493</u>
<b>Creditors: Amounts falling due within one year</b>	14	14,536
		<u>957</u>
<b>Net current assets</b>		<u>1,120</u>
<b>Total assets less current liabilities</b>		<u>1,120</u>
<b>Provisions for deferred tax</b>	9	22
		<u>1,098</u>
<b>Net assets</b>		<u>1,098</u>
<b>Capital and reserves</b>		
Called up share capital	15	-
Profit and loss account	16	1,098
		<u>1,098</u>
<b>Total equity</b>		<u>1,098</u>

Approved and authorised by the Board on 10 August 2022 and signed on its behalf by:



W A Tinkler

Director

Company registered number: 13662328

The notes on pages 15 to 25 form an integral part of these financial statements.

## Svella Connect Limited

### Statement of Changes in Equity for the Period Ended 30 April 2022

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
On incorporation	-	-	-
Profit for the period	-	1,098	1,098
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	1,098	1,098
Dividends	-	-	-
<b>At 30 April 2022</b>	-	1,098	1,098

## **Svella Connect Limited**

### **Notes to the Financial Statements for the Period Ended 30 April 2022**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

FIFTEEN  
Montgomery Way  
Rosehill Industrial Estate  
Carlisle  
CA1 2RW

#### **2 Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **3 Accounting policies**

##### **Exemptions for qualifying entities under FRS 102**

The company has taken advantage of the exemption, under paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Svella PLC, includes the company's cash flows in its consolidated financial statements.

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements have been prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling, rounded to the nearest £'000.

The accounting period has been shortened to 30 April in order to harmonise with the rest of the Group.

##### **Going concern**

The company meets its working capital requirements through its operating cash flows, with the support of its ultimate parent company Svella PLC.

The directors have prepared financial forecasts which indicate that the company will maintain sufficient financial headroom and cash reserves to enable it to continue meeting its liabilities as they fall due in the normal course of business, for at least the next twelve months following approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

## Svella Connect Limited

### Notes to the Financial Statements for the Period Ended 30 April 2022 (continued)

#### Revenue recognition

Turnover represents the value of work done, recognised when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

#### Employee benefits

##### *Short-term benefits*

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

##### *Defined contribution pension plan*

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

#### Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reporting in the consolidated financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

#### Intangible assets

Intangible assets relate to goodwill arising on acquisition, which represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made. Further detail has been provided in note 20.

#### Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

## Svella Connect Limited

### Notes to the Financial Statements for the Period Ended 30 April 2022 (continued)

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant and equipment	7 years straight line
Furniture, fittings and office equipment	5 years straight line
IT equipment	4 years straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

#### Debtors

Trade debtors are stated at their original invoiced value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue trade receivables is recognised as it accrues.

Other debtors relate to contract receivables – applications and work done not invoiced (accrued income). These amounts can be reliably measured by reference to the activity performed, and the appropriate value applied based on the rate card outlined by the contract framework.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method where due after more than one year.

#### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## Svella Connect Limited

### Notes to the Financial Statements for the Period Ended 30 April 2022 (continued)

#### *Significant judgments in applying the entity's accounting policies*

In preparing these financial statements, the directors do not consider there to have been any significant judgments that were required in the process of applying the company's accounting policies.

#### *Key sources of estimation uncertainty*

Revenue is recognised as work is performed. This can be reliably measured, with contractual rates attracted to specific types of work. There is a level of inherent estimation uncertainty with regards to works performed by teams (both direct and subcontracted labour), that the measures and therefore amounts are verified by the customer ahead of economic benefit flowing to the entity.

The company considers whether intangible or tangible fixed assets are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash generating unit (CGU). This requires estimation of the future cash flows from the CGU and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. In addition to this, the useful lives of fixed assets are regularly reviewed and any reduction in the length of the life would result in an impairment charge to the statement of comprehensive income and a reduction in the carrying value of the asset.

The annual amortisation charge for intangible assets and depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed regularly. They are amended when necessary to reflect current estimates, future investments, economic utilisation and the physical condition of the assets.

#### **4 Revenue**

The analysis of the company's revenue (including turnover) by customer is as follows:

	<b>2022</b> <b>£'000</b>
Revenue from contracts	36,818
	<hr/>
	36,818

All of the revenue in the table above was generated in the UK.

#### **5 Staff Costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2022</b> <b>£'000</b>
Wages and salaries	14,102
Social security costs	1,388
Pension costs, defined contribution scheme	427
	<hr/>
	15,917

## Svella Connect Limited

### Notes to the Financial Statements for the Period Ended 30 April 2022 (continued)

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	<b>2022</b>
	<b>No.</b>
Operational Staff	660
Administration and Support	9
	<hr/>
	669
	<hr/>

#### ***Key management compensation***

Key management includes the directors and members of senior management. The remuneration paid or payable to key management excluding directors for employee services during the period was £350,000.

#### **6 Directors' remuneration**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2022</b>
	<b>£'000</b>
Remuneration	-
Contributions paid to money purchase schemes	-
	<hr/>
	-
	<hr/>

#### **7 Operating profit**

Arrived at after charging:

	<b>2022</b>
	<b>£'000</b>
Amortisation expense (included within administrative expenses)	<hr/>
	25
	<hr/>

## Svella Connect Limited

### Notes to the Financial Statements for the Period Ended 30 April 2022 (continued)

#### 8 Auditor's remuneration

	<b>2022</b> <b>£'000</b>
Audit of these financial statements	20
Taxation compliance services	2
	22

#### 9 Taxation

Tax charged in the profit and loss account:

	<b>2022</b> <b>£000</b>
<b>Current taxation</b>	
UK corporation tax	233
<b>Deferred taxation</b>	
Origination and reversal of timing differences	17
Changes in tax rates and laws	5
Total deferred taxation	22
Tax expense in the profit and loss account	255

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	<b>2022</b> <b>£000</b>
Profit before tax	1,353
Corporation tax at standard rate	257
Effect of expense not deductible in determining taxable profit	(3)
UK deferred tax expense relating to changes in tax rates or laws	5
Decrease from effect of tax incentives	(4)
Total tax charge	255

## Svella Connect Limited

### Notes to the Financial Statements for the Period Ended 30 April 2022 (continued)

	<b>2022 £000</b>
<b>Current liabilities</b>	
UK corporation tax	233
<b>Deferred tax liabilities</b>	
Deferred tax charge to income statement for the period	22
Total tax provision at end of period	255

Deferred tax liabilities have arisen due to fixed asset timing differences.

An increase in the UK headline corporation tax rate from 19% to 25% from 1 April 2023 was substantively enacted in the UK on 24 May 2021. Deferred tax has been recognised at the rates in which temporary differences are expected to reverse, which equates to 25%.

#### 10 Intangible assets

	<b>Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 5 October 2021	-	-
Additions	87	87
Disposals	-	-
At 30 April 2022	87	87
<b>Amortisation</b>		
At 5 October 2021	-	-
Charge for the period	25	25
At 30 April 2022	25	25
<b>Carrying amount</b>		
At 30 April 2022	62	62
At 5 October 2021	-	-

## Svella Connect Limited

### Notes to the Financial Statements for the Period Ended 30 April 2022 (continued)

#### 11 Tangible assets

	Plant and equipment £'000	Furniture, fittings and office equipment £'000	IT equipment £'000	Total £'000
<b>Cost</b>				
At 5 October 2021	-	-	-	-
Additions	18	63	25	106
Disposals	-	-	-	-
At 30 April 2022	18	63	25	106
<b>Depreciation</b>				
At 5 October 2021	-	-	-	-
Charge for the period	1	3	1	5
Eliminated on disposal	-	-	-	-
At 30 April 2022	1	3	1	5
<b>Carrying amount</b>				
At 30 April 2022	17	60	24	101
At 5 October 2021	-	-	-	-

#### 12 Debtors

	2022 £'000
Trade debtors	1,939
Other debtors	12,958
Prepayments	587
	15,484

Trade debtors are stated after provisions of £nil. The impairment charge for the period totalled £nil.

## Svella Connect Limited

### Notes to the Financial Statements for the Period Ended 30 April 2022 (continued)

#### 13 Cash and cash equivalents

	2022 £'000
Cash on hand	-
Cash at bank	9
	9

#### 14 Creditors

	Note	2022 £'000
<b>Due within one year</b>		
Trade creditors		1,215
Other payables		1,965
Intercompany payable		7,280
Accrued payroll expenses including tax		1,915
Outstanding defined contribution pension costs		152
Other taxes		1,616
Accrued expenses		160
Corporation tax liability	9	233
		14,536

#### 15 Share capital

##### Allotted, called up and fully paid shares

	2022	
	No.	£
Ordinary shares of £1 each	1	1
	1	1

##### New shares allotted

During the period, 1 Ordinary share having an aggregate nominal value of £1 was allotted for an aggregate consideration of £1.

##### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The shares have attached full voting, dividend and capital distribution rights; they do not confer any right of redemption.

## Svella Connect Limited

### Notes to the Financial Statements for the Period Ended 30 April 2022 (continued)

#### 16 Reserves

##### ***Called up share capital***

Represents the nominal value of shares that have been issued.

##### ***Profit and loss account***

Includes all current period retained profits and losses, net of dividends paid and other adjustments.

#### 17 Obligations under leases

The total of future minimum lease payments is as follows:

	<b>2022</b>
	<b>£'000</b>
Not later than one year	49
Later than one year and not later than five years	-
Later than five years	-
	<hr/>
	49
	<hr/>

These commitments include £49,000 in relation to property leases. The amount of non-cancellable operating lease payments recognised as an expense during the period was £84,000.

#### 18 Related party transactions

##### **Summary of transactions with related parties**

TVFB(3) Limited is a company owned and controlled by a director.

During the period, the company incurred charges of £2,121 from TVFB(3) Limited in relation to consultancy services and travel expense recharges. At the period end, there were no amounts left unpaid.

## Svella Connect Limited

### Notes to the Financial Statements for the Period Ended 30 April 2022 (continued)

#### 19 Parent and ultimate parent undertaking

In the opinion of the directors there are no ultimate controlling parties of the ultimate parent as no shareholder owns more than 50% of the issued share capital.

The company's immediate parent is Svella Infrastructure Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Svella PLC. These financial statements are available upon request from Companies House.

#### 20 Business combinations

On 7 October 2021, Svella Connect Limited acquired the telecoms business of nmcn plc for a nominal consideration of £1. The acquisition also contained an agreement that certain receivables due to the transferred business be allocated to Svella PLC as repayment of the bridging loan issued to nmcn plc prior to it entering administration.

The goodwill arising from the acquisition is attributable to the historic, pre-administration balances, recognised on a cash basis. Management has estimated the useful life of this goodwill to be 2 years.

	Book Value £'000	Adjustment £'000	Fair Value £'000
<b>Assets acquired and liabilities assumed</b>			
Trade debtors	3,000	(266)	2,734
Other debtors	3,500	(1,499)	2,001
Amounts owed to parent	(3,350)	316	(3,034)
Trade creditors	-	(172)	(172)
Subcontractor payables	-	(1,141)	(1,141)
Accrued payroll expenses	-	(475)	(475)
Total identifiable net liabilities	3,150	(3,237)	(87)
Goodwill			87
Total			-

#### Amortisation Period

Goodwill in relation to the above is amortised straight-line over a useful life of 2 years. A charge of £25,000 has been recognised in the Profit and Loss Account.