

Company registration number 04190929 (England and Wales)

SUBEX (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

SUBEX (UK) LIMITED

COMPANY INFORMATION

Directors	Mr A Chandanmal Singhvi Mr J More Bury Ms N Dutt Mr G Zacharias	(Appointed 30 May 2023)
Company number	04190929	
Registered office	First Floor Rama Apartments 17 St. Anns Road Harrow HA1 1JU	
Auditor	Ensors Accountants LLP Connexions 159 Princes Street Ipswich IP1 1QJ	
Bankers	Lloyds Bank Plc 39 Threadneedle Street London EC2R 8AV HSBC Bank Ltd 99 High Street Chelmsford CM1 1EQ	

SUBEX (UK) LIMITED

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SUBEX (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

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

Fair review of the business

The company continued its principal activities throughout the current year.

Principal risks and uncertainties

Reduction in Consumer and Business Purchasing

We depend on our customers - large communication service providers ("CSPs"). If our primary customers face reduced revenue, we will also face reduced revenue. CSPs primary customers are consumers and businesses. Of course, reductions in spending by consumers or businesses will reduce revenue of CSPs. And this will result in decreased spending by the CSPs which means reduced revenue for us.

Security

Information is the lifeblood of business. The focus is on how to protect data, making it available to the right people when it is required to make certain decisions or use it in the work environment to provide required delivery or service. Security and risk management framework provides confidence to customers ensuring that adequate control measures are in place to secure data. Best practices on information classification and handling of data based on the criticality and availability of data.

Protecting the Company's Intellectual Property

The telecom software industry is characterised to a large extent by its reliance on proprietary technology. The Company and its subsidiaries own or have licenses to use the technologies embedded in its products. The Company depends on a combination of technical innovations, copyrights, trade secrets and non-disclosure agreements for the protection of this technology. The Company and its subsidiaries also maintain patent and trademarks, and patent and trademark applications, as it deems appropriate. The Company and its subsidiaries also have copyrights vested in their software products and related materials. However, as is common industry practice, the Company has not generally pursued registrations of its copyrights.

Variability of Quarterly Operating Results

The quarterly operating results of the Company have varied in the past due to reasons like seasonal pattern of hardware and software capital spending by customers, information technology investment trends, achievement of milestones in the execution of projects, hiring of additional staff and timing and integration of acquired businesses. Hence, the past operating results and period to period comparisons may not indicate future performance. The management is attempting to mitigate this risk through expansion of client base geographically and increase of steady annuity revenue through Managed Services model.

Contractual Obligation

In contracts entered into by Subex with its customers in the ordinary course of business, it is obliged to perform and act according to the contractual terms and regulations. Failure to fulfil the contractual obligations arising out of such contracts may expose Subex to financial and other risks. The management has taken sufficient measures to cover what it believes to be its contractual risks and does not foresee any major liability due to its non-fulfilment of any contractual terms and conditions.

Economic downturn

The company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties. Sales trends in its major markets are constantly reviewed to enable early action to be taken in the event of sales declining. We have continued to retain most of our key customer relationships and experienced no issues in recovering amounts due from customers during the year except for very few customers wherein there was impact on implementation revenue because of non-presence of implementation engineers. However, this is only deferment of efforts and the corresponding revenue and does not seem to be any permanent downturn.

Conflicts with Ukraine

The company has considered the potential implications of the current conflict between Ukraine and Russia. Subex UK (Limited) do not currently hold any customers or suppliers with either country and therefore consider there to have been no adverse implications as a result of the conflict.

SUBEX (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Development and performance

During the financial year ended March 31, 2024, the total revenue on a standalone basis was £17,535 (£'000) as against the revenue for the previous year which was £18,208 (£'000). The Company has during the year under review resulted in a loss of £841 (£'000) as against a loss of £939 (£'000) in the previous year.

Key performance indicators

Management uses a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below:

Profit ratios - Gross profit margin, net profit margin, return on capital employed Liquidity ratios - Current ratio, working capital on total assets

Activity ratios - Debtor days, creditor days, stock turnover, asset turnover Capital ratios - Total assets/total liabilities, gearing, interest cover

On behalf of the board

Ms N Dutt

Director

Date: 10 May 2024

SUBEX (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The directors present their annual report and financial statements for the year ended 31 March 2024.

Principal activities

Subex (UK) Limited is a private company limited by shares and is a subsidiary of Subex Limited (Bangalore, India).

Subex is a pioneer in enabling Digital Trust for businesses across the globe. Founded in 1994, Subex helps its customers maximize their revenues and profitability. With a legacy of having served the market through world-class solutions for business optimization and analytics, Subex is now leading the way by enabling all-around Digital Trust in the business ecosystems of its customers. Through their HyperSense AI platform, Subex empowers communications service providers and enterprise customers to make faster, better decisions by leveraging Artificial Intelligence (AI) across the data value chain. Subex leverages its award-winning product portfolio in areas such as Business Assurance and Fraud Management and enhances them with the power of HyperSense to help CSPs reduce risk, combat fraud, and thereby ensure profitability. Subex also offers scalable Managed Services and Business Consulting services.

Subex has more than 300 installations across 100+ countries. For more information, visit www.subex.com.

Branches

The company has two branches outside of the United Kingdom, in Italy and DAFZA (Dubai). The Company also has a Permanent establishment in Oman.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr V Padmanabhan	(Resigned 15 May 2023)
Mr A Chandanmal Singhvi	
Mr J More Bury	
Ms N Dutt	
Mr S S N Roddam	(Resigned 8 January 2024)
Mr G Zacharias	(Appointed 30 May 2023)

Results and dividends

The results for the year are set out on page 10.

The company's results for the year and the position at the end of the year are shown in the attached financial statements.

The directors do not recommend payment of a dividend (2023:£nil).

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

SUBEX (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Financial instruments

Financial Risk Management

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the levels of debt finance and related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Liquidity risk

The company is supported by its parent in the event of a short or medium term requirement for its operating activities. The company has a policy of only entering into additional debt finance arrangement when a contractual binding sale has been written.

The board and the management committee monitor the company's progress against its business objectives and financial performance on a regular basis. The company uses revenue, cost of operations and free cash as a means of financial performance indicator.

The company highly values its customers and uses customer satisfaction surveys and feedback across all regions to track customer satisfaction and retention.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sale are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Price risk

The company is exposed to price risk as a result of its operations in the Telecoms OSS market. The company's exposure to market price risk is assessed by its ultimate parent undertaking in conjunction with other group companies.

Future developments

The group intends to pursue the business strategy of researching, developing and selling software and services to telecom operators.

Auditor

The auditors, Ensors Accountants LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

SUBEX (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

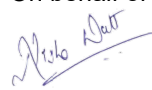
FOR THE YEAR ENDED 31 MARCH 2024

Appreciation/ acknowledgement

We thank our clients, vendors, investors and bankers for their continued support during the year. We place on record our appreciation for the co-operation and assistance provided by the Regulatory authorities.

The Directors also wish to place on record their deep appreciation to Subexians at all levels for their hard work, solidarity, co-operation and support, as they are instrumental in the Company scaling new heights, year after year.

On behalf of the board

.....
Ms N Dutt

Director

Date: 10 May 2024

SUBEX (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

SUBEX (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUBEX (UK) LIMITED

Opinion

We have audited the financial statements of Subex (UK) Limited (the 'company') for the year ended 31 March 2024 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

SUBEX (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUBEX (UK) LIMITED (CONTINUED)

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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

In planning our audit programmes, we identify and assess the risk of material misstatement within the financial statements, whether due to fraud or error. In assessing the risks, consideration is given to the control environment (including management's own process for identification and risk assessment) as well as the nature of the entity, the industry in which it operates and the underlying performance. Consideration is also given to the attitudes and incentives of management to commit fraud, with specific procedures planned and performed to respond to the risk of inappropriate management override of controls.

We also obtained an understanding of the applicable laws and regulations that the company has to adhere to, through discussions with management and those charged with governance, as well as commercial knowledge of the sector and statutory legislation, in order to determine the key laws and regulations applicable to the company.

After assessing the risk of fraud, we performed audit procedures to gain assurance regarding fraud and management override as follows:

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Assessment of key accounting estimates within the financial statements in order to assess their reasonableness (including a retrospective review of outcomes against prior year estimations) and determine whether there is any bias in the estimates.
- Review of meeting minutes of directors and those charged with governance
- Enquiring of management as to whether they are aware of any alleged, suspected or actual fraud during the year

SUBEX (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUBEX (UK) LIMITED (CONTINUED)

We also performed procedures to satisfy ourselves regarding compliance with applicable laws and regulations, including:

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims
- Reviewing minutes of meetings of those charged with governance.
- Reviewing legal expense accounts for any indicators of litigations

All audit team members were made aware of the applicable laws and regulations, as well as potential fraud risks during the planning stage of the audit and this was discussed at the audit team planning meeting. It was therefore determined that team members all had the relevant awareness and competence to identify any instances of non-compliance or fraud.

There are, however, inherent limitations to our above audit procedures. Auditing standards only require us to enquire of the directors and management regarding non-compliance with laws and regulations, as well as review regulatory and legal correspondence (if there is any). It is therefore possible that instances of non-compliance could be missed, particularly where the law in itself is far removed from any financial transactions.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.



Zoe Plowman
Senior Statutory Auditor
For and on behalf of Ensors Accountants LLP

10/05/2024
Date:

Chartered Accountants
Statutory Auditor

Connexions
159 Princes Street
Ipswich
IP1 1QJ

SUBEX (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £'000	2023 £'000
Turnover	3	17,535	18,208
Cost of sales		(17,628)	(18,298)
Gross loss		(93)	(90)
Administrative expenses		(693)	(514)
Other operating income		131	145
Operating loss	4	(655)	(459)
Interest receivable and similar income	7	63	7
Loss before taxation		(592)	(452)
Tax on loss	8	(249)	(487)
Loss for the financial year		(841)	(939)
Other comprehensive income			
Currency translation (loss)/gain taken to retained earnings		(365)	757
Total comprehensive income for the year		(1,206)	(182)

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

SUBEX (UK) LIMITED

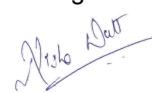
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

		2024		2023	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		86		137
Current assets					
Debtors	12	7,585		9,864	
Cash at bank and in hand		2,891		1,587	
		10,476		11,451	
Creditors: amounts falling due within one year	13	(3,779)		(3,599)	
Net current assets			6,697		7,852
Net assets			6,783		7,989
Capital and reserves					
Called up share capital	16		51		51
Share premium account			5,332		5,332
Profit and loss reserves	18		1,400		2,606
Total equity			6,783		7,989

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

Ms N Dutt

Director

Company registration number 04190929 (England and Wales)

SUBEX (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2022	51	5,332	2,788	8,171
Year ended 31 March 2023:				
Loss	-	-	(939)	(939)
Other comprehensive income:				
Currency translation differences	-	-	757	757
Total comprehensive income	-	-	(182)	(182)
Balance at 31 March 2023	51	5,332	2,606	7,989
Year ended 31 March 2024:				
Loss	-	-	(841)	(841)
Other comprehensive income:				
Currency translation differences	-	-	(365)	(365)
Total comprehensive income	-	-	(1,206)	(1,206)
Balance at 31 March 2024	51	5,332	1,400	6,783

SUBEX (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

		2024		2023	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	23		1,994		(1,436)
Income taxes paid			(366)		(574)
Net cash inflow/(outflow) from operating activities			1,628		(2,010)
Investing activities					
Purchase of tangible fixed assets		(22)		(132)	
Interest received		63		7	
Net cash generated from/(used in) investing activities			41		(125)
Net increase/(decrease) in cash and cash equivalents			1,669		(2,135)
Cash and cash equivalents at beginning of year			1,587		2,965
Effect of foreign exchange rates			(365)		757
Cash and cash equivalents at end of year			2,891		1,587

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Company information

Subex (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is First Floor Rama Apartments, 17 St. Anns Road, Harrow, HA1 1JU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling (GBP). The functional currency is US\$. This was changed on the 1st April 2021 to better reflect the transactions of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Subex Limited. These consolidated financial statements are available from its registered office, Pritech Park - SEZ, Block-09, 4th Floor B Wing, Survey No. 51 to 64/4, Outer Ring Road, Bellandur Village, Varthur Hobli, Bangalore – 560 103B, India.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Subex (UK) Limited is a wholly owned subsidiary of Subex Limited and the results of Subex (UK) Limited are included in the consolidated financial statements of Subex Limited which are publically available.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.3 Turnover

Revenue represents the amount derived from customers for goods and services provided, excluding value added tax.

Implementation, consultancy and development services

Implementation, consultancy and development services are generally fixed price contracts or are invoiced on a time and materials basis. Revenue and profit on fixed price contracts are recognised in accordance with FRS102, reflecting a percentage of completion method. Profit is not recognised until all fundamental performance hurdles have been overcome. Revenue in respect of time and materials contracts is recognised as the work is performed. Where the implementation services offered by the company in respect of these arrangements are not essential to the functionality of the software this can be performed by other suppliers, these are described in the arrangement such that the total price of the arrangement would be expected to vary as a result of the inclusion or exclusion of these services, these services are accounted for as a separate element of the arrangement.

Maintenance and support contracts

Revenues related to significant post contract support agreements (e.g. maintenance) are deferred and recognised on a straight line basis over the period of the agreements. Where the company sells software which includes a significant element of customer specific development and the service portion cannot be separated from the contract as a whole, the entire arrangement including the software component is accounted for as a long term contract.

Hosting services

Hosting services are accounted for in accordance with usage either based on a quarterly budget order or in accordance with the original contract.

Software sales

Sales of software products are recognised on delivery provided no significant vendor obligations remain with the exception of own product term licence and support agreements.

Licences and subscriptions

When sold separately, revenue from the sale of additional software licences are recognised on the transfer of such licences.

Licences incorporated into a total contract price are deferred and recognised in accordance with the percentage of completion method.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	5 years
Fixtures, fittings & equipment	5 years
Computer equipment	3 - 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 Impairment of fixed assets

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using the rate of tax that has been enacted or substantially enacted by the balance sheet date.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Where material, the cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Defined contribution scheme

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than US Dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.15 Employee share schemes

The cost of awards to employees that take the form of shares or rights to shares is recognised over the period of the vesting of the shares. Employees have been awarded shares under the ESOP plan of the parent Subex Limited and the same is valued using the Black and Scholes model for valuing options. The cost of the share scheme is recognised in the profit and loss account and a credit is recognised in equity being a capital contribution from the parent undertaking.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the customer, the ageing profile of debtors, whether covered by insurance and historical experience.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2024 £'000	2023 £'000
Turnover analysed by class of business		
Sale and implementation of telecommunications software	17,535	18,208
	<u> </u>	<u> </u>
	2024 £'000	2023 £'000
Turnover analysed by geographical market		
UK	2,266	2,139
EC Countries	1,520	1,925
Non EC Countries	13,749	14,144
	<u> </u>	<u> </u>
	17,535	18,208
	<u> </u>	<u> </u>
	2024 £'000	2023 £'000
Other revenue		
Interest income	63	7
	<u> </u>	<u> </u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

4 Operating loss

	2024 £'000	2023 £'000
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	38	31
Depreciation of owned tangible fixed assets	73	77
Operating lease charges	205	46
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2024 Number	2023 Number
Development, delivery and support	17	19
Management, sales and administration	18	15
	<u> </u>	<u> </u>
Total	35	34
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2024 £'000	2023 £'000
Wages and salaries	3,338	2,329
Social security costs	236	261
Pension costs	165	218
	<u> </u>	<u> </u>
	3,739	2,808
	<u> </u>	<u> </u>

6 Directors' remuneration

	2024 £'000	2023 £'000
Remuneration for qualifying services	104	116
	<u> </u>	<u> </u>

7 Interest receivable and similar income

	2024 £'000	2023 £'000
Interest income		
Other interest income	63	7
	<u> </u>	<u> </u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

8 Taxation

	2024 £'000	2023 £'000
Current tax		
UK corporation tax on profits for the current period	25	5
Adjustments in respect of prior periods	17	-
	<u>42</u>	<u>5</u>
Total UK current tax	42	5
Foreign current tax on profits for the current period	202	482
	<u>244</u>	<u>487</u>
Deferred tax		
Origination and reversal of timing differences	5	-
	<u>5</u>	<u>-</u>
Total tax charge	<u>249</u>	<u>487</u>

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2024 £'000	2023 £'000
Loss before taxation	(592)	(452)
	<u>(592)</u>	<u>(452)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 19.00%)	(148)	(86)
Tax effect of expenses that are not deductible in determining taxable profit	-	1
Adjustments in respect of prior years	5	4
Research and development tax credit	105	-
Other permanent differences	47	(98)
Deferred tax adjustments in respect of prior years	-	49
Foreign tax adjustments	224	483
Remeasurement of deferred tax for changes in tax rates	-	(60)
Fixed asset differences	-	(8)
Movement in deferred tax not recognised	16	202
	<u>249</u>	<u>487</u>
Taxation charge for the year	<u>249</u>	<u>487</u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

9 Tangible fixed assets

	Land and buildings Leasehold £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 2023	44	75	678	797
Additions	5	17	-	22
At 31 March 2024	49	92	678	819
Depreciation and impairment				
At 1 April 2023	44	68	548	660
Depreciation charged in the year	2	3	68	73
At 31 March 2024	46	71	616	733
Carrying amount				
At 31 March 2024	3	21	62	86
At 31 March 2023	-	7	130	137

10 Fixed asset investments

	Notes	2024 £'000	2023 £'000
Investments in subsidiaries	11	5,070	5,070
Less Impairment of Investments	11	(5,070)	(5,070)
Total		-	-

11 Subsidiaries

Separate company financial statements are required to be prepared by law. Consolidated financial statements for the Subex Limited Group are prepared and publicly available.

Details of the company's subsidiaries at 31 March 2024 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Subex (Asia Pacific) Pte Limited	Singapore	Ordinary shares	100.00
Subex Inc	USA	Ordinary shares	100.00
Subex Americas Inc	Canada	Ordinary shares	7.41

Registered office addresses:

- 175A Bencoolen Street, 08-03 Burlington Square, Singapore - 189650
- 12303 Airport Way, Building 1, Suite 390, Broomfield, CO 80021
- 201-320 March Rd Kanata, ON, Canada

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

12 Debtors

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Trade debtors	3,041	3,815
Corporation tax recoverable	203	246
Amounts owed by group undertakings	2,368	3,146
Other debtors	10	3
Prepayments and accrued income	1,963	2,654
	<u>7,585</u>	<u>9,864</u>

13 Creditors: amounts falling due within one year

	Notes	2024 £'000	2023 £'000
Trade creditors		93	82
Amounts due to group undertakings		333	1,430
Corporation tax		68	228
Other taxation and social security		232	216
Deferred income	14	1,430	929
Other creditors		946	302
Accruals		677	412
		<u>3,779</u>	<u>3,599</u>

14 Deferred income

	2024 £'000	2023 £'000
Other deferred income	1,430	929
	<u>1,430</u>	<u>929</u>

15 Retirement benefit schemes

	2024 £'000	2023 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	165	218
	<u>165</u>	<u>218</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

16 Share capital

	2024 £'000	2023 £'000
Ordinary share capital		
Issued and fully paid		
5,039,565,245 ordinary shares of 0.00001p each	51	51
	<u>51</u>	<u>51</u>

During the year ended 31st March 2024, the company operated an Equity Settled Option Plan (ESOP) whereby shares in the parent entity are issued to employees of Subex (UK) Limited.

At the Year End, all share options previously held by employees had either lapsed or been exercised.

During the year a total of 0 (2023: 288,750) options were granted.

During the year a total of 2,270,533 (2023: 0) options lapsed / expired.

During the year a total of 145,000 (2023: 405,000) options were exercised.

No expense (2023: £nil) was recognised within the profit and loss account in respect of the equity settled share based payments granted during the year.

17 Non-distributable profits reserve

	2024 £'000	2023 £'000
At the beginning of the year	1,129	372
Non distributable profits in the year	365	757
	<u>1,494</u>	<u>1,129</u>

The non distributable reserves relates to the retranslation from USD functional currency to GBP presentation currency in the financial statements.

18 Profit and loss reserves

The non distributable reserves relates to the retranslation from USD functional currency to GBP presentation currency in the financial statements.

19 Financial commitments, guarantees and contingent liabilities

At the year end the company had a bank guarantee in place (performance bond) totalling £110,391 (2023: £43,102).

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

20 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties. Leases are negotiated for an average term of no more than 5 years and rentals are fixed.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £'000	2023 £'000
Within one year	93	121
Between two and five years	59	60
	<u>152</u>	<u>181</u>

21 Related party transactions

The Company is a wholly-owned member of Subex Limited and as such has taken advantage of the exemption permitted by Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with other wholly-owned members of the Group.

22 Ultimate controlling party

The directors consider the ultimate controlling party to be Subex Limited, a company incorporated and registered in India.

23 Cash generated from/(absorbed by) operations

	2024 £'000	2023 £'000
Loss for the year after tax	(841)	(939)
Adjustments for:		
Taxation charged	249	487
Investment income	(63)	(7)
Depreciation and impairment of tangible fixed assets	73	77
Movements in working capital:		
Decrease in debtors	2,236	116
Decrease in creditors	(161)	(786)
Increase/(decrease) in deferred income	501	(384)
Cash generated from/(absorbed by) operations	<u>1,994</u>	<u>(1,436)</u>

SUBEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

24 Analysis of changes in net funds

	1 April 2023	Cash flows	Exchange rate	31 March 2024
	£'000	£'000	movements	£'000
Cash at bank and in hand	1,587	1,669	(365)	2,891
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SUBEX (UK) LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2024

SUBEX (UK) LIMITED

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Turnover				
Sales of goods		17,535		18,208
Cost of sales				
<i>Purchases and other direct costs</i>				
Raw materials purchases	-		13	
Wages and salaries	3,234		2,329	
Social security costs	236		261	
Staff recruitment costs	8		13	
Staff pension costs defined contribution	165		218	
Directors' remuneration	104		-	
Third Party Commissions payable	113		72	
Rent re operating leases	153		-	
Spare account - cost of goods sold	13,615		15,392	
Total purchases and other direct costs	17,628		18,298	
Total cost of sales		(17,628)		(18,298)
Gross loss	0.53%	(93)	0.49%	(90)
Other operating income				
Research & Development Tax Credits		131		145
Administrative expenses				
Wages and salaries	-		(116)	
Directors' remuneration	-		116	
Rent re operating leases	52		46	
Audit fees	38		31	
Bank charges	24		28	
Bad and doubtful debts	496		318	
Telecommunications	-		1	
Sundry expenses	10		13	
Depreciation	73		77	
		(693)		(514)
Operating loss		(655)		(459)
Interest receivable and similar income				
Other interest received on financial instruments	63		7	
		63		7
Loss before taxation	3.38%	(592)	2.48%	(452)