

**Wireless Logic Limited**

**Annual report for the year ended 30<sup>th</sup> April 2019**

**Company number: 03880663**

**TUESDAY**



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## **Company information**

### **Directors**

Oliver Robert Stewart Tucker  
Richard Miller

### **Company secretary**

Richard Miller

### **Company number**

03880663

### **Registered office**

Horizon  
Honey Lane  
Hurley  
Maidenhead  
Berkshire  
SL6 6RJ  
United Kingdom

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
3 Forbury Place  
23 Forbury Road  
Reading  
Berkshire  
RG1 3JH  
United Kingdom

## **Strategic report**

### **For the year ended 30<sup>th</sup> April 2019**

The directors present their strategic report on the company for the year ending 30<sup>th</sup> April 2019.

#### **Review of the business**

Wireless Logic Limited is a leading Machine-to-Machine (“M2M”) and Internet of Things (“IOT”) managed services platform provider. The business provides cloud-based management and monitoring platforms for M2M and IOT assets across multiple international mobile network and satellite operators.

We are Europe’s leading M2M and IOT managed services provider, delivering a one-stop solution combining secure infrastructure, resilient software platforms and multiple network connectivity. In partnership with major mobile and satellite networks, we provide best-in-class managed services to end user clients as well as solution and application providers – from global blue-chip organisations to small and medium enterprises.

Fundamental to our success is our ability to develop and deliver tailored PaaS and IaaS solutions designed to meet the needs of an ever demanding and evolving market where reliability, cost-effectiveness, SLAs and sector knowledge are vital. The Wireless Logic group is globally recognised within the M2M and IOT sectors as well as being a preferred partner to many of the world’s Mobile Network Operators (MNOs). We continue to push the boundaries as the market evolves – providing managed services, connectivity and related solutions to millions of devices.

In July 2018 the Wireless Logic group was acquired by funds managed by Montagu Private Equity LLP. The results for the year ended 30<sup>th</sup> April 2019 show turnover exceeded £45.0m (2018: £42m) up 6% and EBITDA before exceptional items was £17.2m (2018: £15.9m) up 8%. Operating profit for the year at £12.8m was 11% down (2018: £14.4m) due largely to accelerated costs in line with the group’s growth strategy and, a one off income receipt in the prior year relating to compensation in respect of a tax claim.

The development and performance of the company was in-line with expectations, with revenue increasing by 6%. At the end of the year the company remains in a strong position and well placed to continue to grow.

#### **Strategy**

The strategy of the group of which Wireless Logic Limited is a part, has been focussed on growing the business geographically and continuing to broaden the services it offers to customers.

Geographically, as at 30<sup>th</sup> April 2019, the company had operating subsidiaries in Germany and The Netherlands; and served the needs of customers across some 40 countries.

In terms of services, SIMPro offers customers a unique and differentiated feature rich platform to enable them to manage their assets across multiple networks. We continue to add further additional services to SIMPro in order to meet the growing needs of our customer base.

The long-term strategy of the company is to be the leading M2M and IOT global managed services platform provider.

## **Strategic report (continued)**

### **Objectives**

The business objectives for the year included growing the base of subscriptions in-line with, or above, the growth in the market – the base of subscriptions in Wireless Logic Limited grew by 14% during the year.

As well as exceeding our objectives, Wireless Logic Limited continues to be recognised by Megabyte as one of the leading technology companies in England.

### **Business model**

Our business model is built around the core strategic themes of supporting our global customers, innovation and delivering profitable growth.

We benefit from a subscription based revenue stream which provides a high degree of visibility of future performance. We continue to invest in the infrastructure that enables us to deliver robust and reliable services to end users, who often use what we provide to support activities that are mission critical within their own businesses. We also invest significant amounts into the intangible assets within the business, including the technical and intellectual property behind the platforms and solutions we offer.

### **Future outlook**

The future outlook for the industry and the company remains extremely positive. Analysis of the M2M and IOT markets, by external industry experts, forecasts continued rapid growth, as the end uses to which the technology is put, continue to expand. Furthermore, the applications to which M2M and IOT technology is being applied, continue to become more sophisticated, and more data intensive. This increases the need for both the resilient private infrastructure and the platforms we offer, to enable customers to manage their growing estate of devices.

### **Exceptional Items**

Exceptional costs incurred during the period related principally to mergers and acquisitions activity, re-financing and a share based payment charge. Further details of these costs are disclosed in note 5.

### **Principal risks and uncertainties**

The principal risks facing the business and details of how we mitigate these risks are set out below.

- **Supplier relationships** – Our relationships with the leading mobile network operators are important to our on-going success. We are an important channel and route to market for them and we mitigate the risk of these relationships being damaged through close and frequent contact.

## Strategic report (continued)

### Principal risks and uncertainties (continued)

- **Technology** – The M2M market is largely based around the use of SIM card technology. Whilst this technology may change, the need for machines to be connected is forecast to increase significantly. Any technology risks are mitigated through the use of our flexible platforms which enable us to accommodate changes in the technology underlying M2M and IOT connectivity, and the fact that we are bearer service agnostic.
- **Customers** - To minimise the credit risk with customers all new accounts are credit checked using a third-party credit reference agency. Credit limits are reviewed on a regular basis in conjunction with customer's debt ageing and collection history.

### Brexit

The company has operations and subsidiaries across continental Europe and has been monitoring and planning for Brexit for some months. In continental Europe the company's subsidiaries work with local mobile network operators and sell largely to local customers, with transactions denominated in Euros. We don't manufacture physical products and cross border movements are limited to a relatively small number of SIM cards. The company has published guidance on Brexit on our website. We expect the direct impact of Brexit on the company will be minimal other than the general economic climate may change depending on the terms under which the UK leaves the EU.

### Key Performance Indicators

Management adopts a number of indicators to measure and monitor the overall performance of the company, which include:

- average monthly revenue per subscriber which showed a positive trend,
- company EBITDA which increased to £17.2m (£15.9m 2018) in the year,
- company gross margin increased to 50.3% (49.3% 2018) and
- company cash conversion, which was 96% (114% in 2018).

A budget is set each year and monthly performance, including the key performance indicators above, are monitored against budget. For the year ended 30<sup>th</sup> April 2019, the company exceeded budget and performed strongly against every key performance indicator. In addition, the company looks closely at non-financial key performance indicators, such as staff and customer satisfaction. During the course of the year, the company introduced a number of initiatives focussed on staff development including broadening the range of employee benefits.

On behalf of the Board



Oliver Tucker  
Director

24 February 2020

## **Directors' report**

### **For the year ended 30<sup>th</sup> April 2019**

The directors present their report together with the audited financial statements for the year ended 30<sup>th</sup> April 2019.

#### **Principal activities**

The company is principally engaged in the provision of managed services in the Machine-to-Machine (“M2M”) and Internet of Things (“IOT”) sectors.

#### **Results**

The directors are pleased to present another set of excellent results.

The directors believe the outlook for the industry, and the company, remains positive, as indicated in the strategic report. The strategy of the company is focussed on growth both geographically and by broadening the services it offers to customers. We'll continue to achieve this through significant organic growth, managing our customer base and continuously investing in our SIMPro platform. As well as in the team that supports and develops this, to ensure we offer market leading services to our customers.

The directors would like to thank all our customers, suppliers, partners and employees for their support in the year.

The results for the year and financial position of the company are shown in the annexed financial statements.

Exceptional administrative expenses of £2,319k (2018: £814k) were reported in the year of which £1,051k related to the share based payment charge which is described in detail within the changes in accounting policy note and note 5 exceptional expenses.

#### **Matters covered in the Strategic Report**

Disclosure of the company's Business Review, Future Developments, Principal Risks and Uncertainties and Key Performance Indicators is provided in the Strategic Report.

#### **Dividends**

No dividends were proposed, paid or received during the year (2018: £nil).

#### **Financial Risk Management**

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, interest rate cash flow risk, credit risk and liquidity risk. The group, of which Wireless Logic Limited is a part, has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the group.

## **Directors' report (continued)**

### **Foreign exchange risk**

The company is exposed to movements in foreign exchange rates as a result of transactions with customers and suppliers outside the UK. The company manages the foreign exchange rate risk by transacting in local currencies, where practical and maintaining foreign currency bank accounts.

### **Credit risk**

In order to manage credit risk with customers, the directors set credit limits based on a combination of trading, payment history, market knowledge and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with customer's debt ageing and collection history.

### **Liquidity risk**

The company manages its liquidity position with the objective of maintaining the ability to fund commitments and repay liabilities in accordance with their required terms. The financing of operations is managed at a group level.

### **Directors**

The Company has purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors. The policy permitted by the Articles of Association gives the directors the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006.

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Oliver Robert Stewart Tucker

Richard Miller

Philip Thomas Cole - resigned 18 February 2019

### **Statement of directors' responsibilities in respect of the financial statements**

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

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

## Directors' report (continued)

In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are 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.

### Directors' confirmations

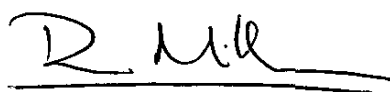
In the case of each director in office at the date the Directors' Report is approved:

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

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board



Richard Miller

CFO - Director

Wireless Logic Limited Registered number 03880663

24 February 2020

## **Independent auditors' report to the members of Wireless Logic Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Wireless Logic Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30<sup>th</sup> April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report for the year ended 30<sup>th</sup> April 2019 (the "Annual Report"), which comprise: the statement of financial position as at 30<sup>th</sup> April 2019; the statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

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

#### **Independence**

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

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

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

## **Independent auditors' report to the members of Wireless Logic Limited (continued)**

### **Reporting on other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 30<sup>th</sup> April 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on pages 8 and 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Independent auditors' report to the members of Wireless Logic Limited (continued)**

### **Auditors' responsibilities for the audit of the financial statements**

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

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

### **Use of this report**

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

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Katherine Stent (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
24 February 2020

**Statement of Comprehensive Income for the year ended 30<sup>th</sup> April 2019**

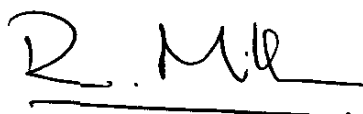
	Note	2019 £'000	2018 £'000
<b>Revenue</b>	4	<b>45,519</b>	42,802
Cost of sales		(22,616)	(21,721)
<b>Gross profit</b>		<b>22,903</b>	21,081
Distribution costs		(77)	(40)
Administrative expenses excluding exceptional items		(5,601)	(5,099)
Amortisation	11	(1,698)	(1,310)
Depreciation	12	(437)	(415)
Exceptional expenses	5	(2,319)	(814)
Total Administrative expenses		(10,055)	(7,638)
<b>Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) before exceptional costs</b>		<b>17,225</b>	15,942
Other income		-	1,000
<b>Operating profit</b>	6	<b>12,771</b>	14,403
<b>Profit before interest and taxation</b>		<b>12,771</b>	14,403
Finance income	8	1,357	182
Finance expense	8	(70)	-
<b>Profit before income tax</b>		<b>14,058</b>	14,585
Income tax expense	9	(689)	(2,744)
<b>Profit for the financial year</b>		<b>13,369</b>	11,841
<b>Total comprehensive income for the year</b>		<b>13,369</b>	11,841

**Statement of Financial Position as at 30<sup>th</sup> April 2019**

	Note	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Investments	10	7,737	7,765
Intangible assets	11	3,247	2,435
Property, plant and equipment	12	406	742
Deferred tax assets	16	19	-
		<b>11,409</b>	<b>10,942</b>
<b>Current assets</b>			
Inventories	13	100	113
Trade and other receivables	14	63,147	39,549
Cash and cash equivalents		5,174	12,621
		<b>68,421</b>	<b>52,283</b>
Trade and other payables: amounts falling due within one year	15	(18,856)	(16,671)
<b>Net current assets</b>		<b>49,565</b>	<b>35,612</b>
<b>Total assets less current liabilities</b>		<b>60,974</b>	<b>46,554</b>
<b>Net assets</b>		<b>60,974</b>	<b>46,554</b>
<b>Equity</b>			
Called up share capital	17	6	6
Share premium	17	744	744
Retained earnings		60,224	45,804
<b>Total shareholders' funds</b>		<b>60,974</b>	<b>46,554</b>

The notes on pages 16 to 30 are an integral part of these financial statements.

The financial statements on pages 13 to 30 were approved by the board of directors and were signed on its behalf by:



Richard Miller  
 Director  
 Wireless Logic Limited  
 Registered number 03880663  
 24 February 2020

**Statement of changes in equity for the year ended 30<sup>th</sup> April 2019**

	Note	Called-up share capital £'000	Share premium £'000	Retained earnings £'000	Total Shareholders' funds £'000
<b>Balance as at 1<sup>st</sup> May 2017</b>		<b>6</b>	<b>744</b>	<b>33,963</b>	<b>34,713</b>
Profit for the financial year		-	-	11,841	11,841
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>11,841</b>	<b>11,841</b>
<b>Balance as at 30<sup>th</sup> April 2018</b>		<b>6</b>	<b>744</b>	<b>45,804</b>	<b>46,554</b>
Profit for the financial year		-	-	13,369	13,369
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>13,369</b>	<b>13,369</b>
Share based payment		-	-	1,051	1,051
<b>Balance as at 30<sup>th</sup> April 2019</b>	<b>17</b>	<b>6</b>	<b>744</b>	<b>60,224</b>	<b>60,974</b>

## Notes to the financial statements for the year ended 30<sup>th</sup> April 2019

### 1 General information

Wireless Logic Limited is a leading Machine-to-Machine (“M2M”) and Internet of Things (“IOT”) managed services platform provider. The business provides cloud based management and monitoring platforms for M2M and IOT assets across multiple international mobile network and satellite operators.

The company is a private company limited by shares, and is incorporated and domiciled in England. The address of its registered office is Horizon Honey Lane, Hurley, Maidenhead, Berkshire, SL6 6RJ, England.

### 2 Summary of significant accounting policies

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.

#### 2.1 Basis of preparation

The financial statements of Wireless Logic Limited have been prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (FRS 101). The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, ‘Share-based payment’ (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, ‘Financial instruments: Disclosures’.
- 101p8(e) & paragraphs 91 to 99 of IFRS 13, ‘Fair value measurement’ (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, ‘Presentation of financial statements’ – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, ‘Property, plant and equipment’; and
  - paragraph 118(e) of IAS 38, ‘Intangible assets’ (reconciliations between the carrying amount at the beginning and end of the period).

## Notes to the financial statements for the year ended 30<sup>th</sup> April 2019 (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into *between two or more members of a group*.

The following standards have been adopted in the period. There was no material impact of these standards on the business at the point of adoption:

- IFRS 9, 'Financial instruments' (effective 1 January 2018)
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)
- Amendments to IFRS 4, Amendments regarding implementation of IFRS 9 (effective 1 January 2018)
- Amendment to IFRS 9, 'Financial instruments', on general hedge accounting (effective 1 January 2018)
- Amendments to IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)
- Amendments to IFRS 2, 'Share based payments' - Classification and measurement (effective 1 January 2018)
- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective 1 January 2018)
- Amendment to IFRS 1, 'First-time Adoption of IFRS' regarding short-term exemptions covering transition provisions of IFRS 7, IAS 19, and IFRS 10 (effective 1 January 2018)
- Amendment to IAS 28, 'Investments in associates and joint ventures' regarding measuring their investments in associates or joint ventures at fair value through profit or loss (FVTPL) (effective 1 January 2018)

#### 2.1.2 Changes in accounting policy and disclosures

A number of new standards and amendments to standards and interpretations have been adopted in preparing these financial statements.

IFRS 15 became effective on 1st January 2018 and replaced IAS 18 "Revenue". IFRS 15's model of revenue recognition is based upon the transfer of control rather than the transfer of risks and rewards.

## Notes to the financial statements for the year ended 30th April 2019 (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.1.2 Changes in accounting policy and disclosures

Wireless Logic has applied the modified retrospective model of adoption. In WL One Holdco Limited's consolidated accounts for the previous year we stated that whilst IFRS was not adopted, it was expected to have *limited impact on the company's reported results*. As described in the Strategic Report, the company's business is based around a subscription model, with monthly charges to customers. The company provides connectivity linked to data usage and access to platform based services. The company has concluded that performance obligations are distinct, linked to specific contracts and customers benefit from these each month. Given charges are raised and revenue recognised on a monthly basis, the company hasn't had to make any significant judgements in arriving at the revenue to be recognised on a monthly basis nor had to make any modifications to the previously adopted revenue recognition policy.

The company adopted IFRS 9 Financial Instruments effective 1st May 2018. There has not been any impact on the company's net results or net assets as a result of the adoption.

#### 2.2 Share Based Payments

In accordance with IFRS 2 'Share-based Payment', the fair value of shares held by employees has been estimated at the date of their issue using a future earnings valuation model. This is accounted for as an equity settled share based payment scheme. The related charge is recognised on a straight line basis over the vesting period as an exceptional cost in the Statement of Comprehensive Income, with a corresponding increase in equity.

#### 2.3 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### 2.4 Consolidation

The company is a wholly owned subsidiary of Wireless Logic Group Limited and of its ultimate parent Blue Topco Limited. It is included in the consolidated financial statements of Blue Holdco Limited which are publicly available from Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ England. Therefore, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements

## Notes to the financial statements for the year ended 30th April 2019 (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.5 Revenue recognition

Revenue is the total amount receivable by the company for goods and services provided, excluding VAT and trade discounts. Revenue on airtime is recognised as incurred by customers. Revenue is principally derived from the company's principal activities of M2M and IOT managed services, which the directors consider comprise a single class of business and arose within the United Kingdom. A very small amount of revenue (2%) is derived from the sale of related hardware.

#### 2.6 Foreign currency translation

##### (a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£'000), which is also the company's functional currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income within 'Administrative expenses.'

#### 2.7 Exceptional

The company classifies as exceptional items certain charges that are not part of the indicative underlying trading result of the business, including one-off and non-recurring items, such that they have a material impact on the company's financial results. These are disclosed separately to provide further understanding of the financial performance of the company accordingly.

#### 2.8 Employee benefits

The company operates an auto enrolment pension scheme which takes effect after the probation period is completed. Contributions payable to the company's pension scheme are charged to the profit or loss in the period to which they relate.

After a full years' service, the employee is also eligible to join the private healthcare insurance, subject to P11D tax deduction. Contributions payable to the healthcare insurance are charged to the Statement of Comprehensive Income in the period to which they relate.

#### 2.9 Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

## Notes to the financial statements for the year ended 30th April 2019 (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.10 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.11 Intangible assets

Subscriber acquisition assets relate to acquisitions of customer lists which are valued at cost. Amortisation is calculated to write down the cost of customer connections by equal annual instalments over the expected contract period, normally 3 years.

The group continues to develop and invest in the platform and services it provides to customers. Where development costs increase the intellectual property of the group and meet the necessary criteria, they are capitalised as intangible assets and amortised over a three-year period.

Software costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

Amortisation is recognised in the Statement of Comprehensive Income within 'Administrative expenses'.

## Notes to the financial statements for the year ended 30th April 2019 (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.12 Property, plant and equipment

Property, plant and equipment are shown at original historical cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets, by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold improvements	33%
Fixtures and fittings	33%
IT equipment	33%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the Statement of Comprehensive Income.

#### 2.13 Inventory

Stocks are principally SIM cards and mobile devices / routers and are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is stated after taking account of manufacturing bonuses and support payments, which are deducted from cost of sales.

#### 2.14 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

#### 2.15 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### 2.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term highly liquid investments with original maturities of three months.

#### 2.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or as part of intercompany transactions. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## Notes to the financial statements for the year ended 30<sup>th</sup> April 2019 (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.18 Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### 2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 2.20 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### 2.21 Lease contracts

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

### 3 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### (a) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables using the expected credit loss model, management considers factors including the nature of the charges, the ageing profile of receivables and historical experience. See note 14 for the net carrying amount of the receivables and associated impairment provision.

#### (b) Share-based payment

The Group measures share based payments at fair value at their grant date in accordance with IFRS 2 'Share-based Payment'. The Group calculates the fair value of the shares using a future earnings model, which estimates future EBITDA. The charge recognised in the Statement of Comprehensive Income is therefore inherently linked to this forecast and gives rise to a source of estimation uncertainty.

**Notes to the financial statements for the year ended 30<sup>th</sup> April 2019 (continued)****4 Revenue**

All revenue arose within the United Kingdom, analysis of revenue by category

	2019 £'000	2018 £'000
Sales of goods	583	185
Services	44,936	42,617
	<b>45,519</b>	<b>42,802</b>

Included in revenue is prior year deferred revenue of £207k (2018: £304k).

**5 Exceptional expenses**

The company classifies as exceptional items certain charges that are not part of the indicative underlying trading result of the business, including one-off and non-recurring items, such that they have a material impact on the company's financial results. These are disclosed separately to provide further understanding of the financial performance of the company accordingly.

During the year, the exceptional items as detailed below have been included within administrative expenses in the statement of comprehensive income.

	2019 £'000	2018 £'000
Exceptional costs relating to mergers and acquisitions activity	880	289
Exceptional costs relating to strategic initiatives	283	-
Exceptional expenses relating to share based payment	1,051	-
Exceptional expenses relating to re-financing	-	172
Exceptional benefit trust distribution in the period	4,257	57
Gain on employee benefit trust in the period	(4,219)	-
Exceptional expenses relating to employee benefit trust	37	-
Other	30	296
	<b>2,319</b>	<b>814</b>

As part of Montagu's acquisition of the Wireless Logic group in July 2018, management purchased shares in the group's ultimate parent. The shares were valued on the date of their issue using a future earnings model, which includes forecast EBITDA as a critical estimate. The resulting expense is recognised in accordance with IFRS 2 as an equity settled share based payment charge. This is being spread over the estimated vesting period of four years.

**Notes to the financial statements for the year ended 30<sup>th</sup> April 2019 (continued)****6 Operating profit**

	2019	2018
	£'000	£'000
<b>Operating profit is stated after charging</b>		
Wages and salaries	2,339	2,503
Social security costs	264	279
Pension	33	21
<b>Staff costs</b>	<b>2,636</b>	<b>2,803</b>
Exceptional administrative expenses (note 5)	2,319	814
Depreciation of tangible fixed assets (note 12)		
- Owned assets	437	454
Amortisation of intangible assets (note 11)		
- Subscriber acquisition	776	591
- Development	750	599
- Software	172	120
Operating lease charges		
- Office	230	209
Inventories write down	-	1
<b>Services provided by the company's auditors</b>		
Fees payable for the audit	66	52
Fees payable for other assurance related services	5	5
Fees payable for tax advisory service	60	96

**7 Employees and directors**

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

**Employees**

	2019	2018
<b>By activity</b>	<b>No.</b>	<b>No.</b>
Sales	34	34
Technical	20	17
Finance	9	10
	<b>63</b>	<b>61</b>

**Directors**

The directors' emoluments were as follows:

	2019	2018
	£'000	£'000
Total aggregate emoluments	342	488

**Highest paid director**

The highest paid directors' aggregate emoluments were £190k (2018: £178k).

**Notes to the financial statements for the year ended 30<sup>th</sup> April 2019 (continued)****8 Finance income and expense**

	2019	2018
	£'000	£'000
Bank interest	23	-
Interest receivable from group companies	1,334	182
Interest payable	(70)	-
	<b>1,287</b>	<b>182</b>

**9 Income tax expense****Tax expense included in statement of comprehensive income**

	2019	2018
	£'000	£'000
<b>Current tax</b>		
- UK corporation tax on profits of the year	747	1,529
- Adjustment in respect of previous years	4	1,277
Total current tax	<b>751</b>	<b>2,806</b>
<b>Deferred tax</b>		
- Origination and reversal of timing differences	(69)	(18)
- Adjustment in respect of previous periods	-	(46)
- Impact of change in tax rate	7	2
Total deferred tax	<b>(62)</b>	<b>(62)</b>
<b>Tax on profit</b>	<b>689</b>	<b>2,744</b>

The tax charge for the year of £689k is lower (2018: £2,744k) than the resulting charge when applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£'000	£'000
Profit on ordinary activities before tax	14,058	14,585
Profit on ordinary activities multiplied by standard rate in the UK 19% (2018: 19%)	2,671	2,771
Effects of:		
- Expenses not deductible for tax purposes	475	79
- Group relief	(2,468)	(1,341)
- Prior year adjustment	4	1,233
- Tax rate changes	7	2
<b>Tax charge</b>	<b>689</b>	<b>2,744</b>

**Factors that may affect future tax charges**

With effect from 1<sup>st</sup> April 2017, the standard rate of corporation tax in the UK was 19%, therefore 19% as been used in the reconciliation of the tax expense. The rate is due to reduce to 17% from 1<sup>st</sup> April 2020 and this is reflected in the measurement of deferred tax balances at the balance sheet date within these financial statements.

**Notes to the financial statements for the year ended 30<sup>th</sup> April 2019 (continued)****10 Investments**

	2019	2018
Company	£'000	£'000
At 1 <sup>st</sup> May	7,765	18
Additions	-	7,747
Disposal of shares	(28)	-
As at 30 <sup>th</sup> April	7,737	7,765

The disposal represents a sale of shares in the Employee Benefit Trust.

In January 2019, Wireless Logic Limited subscribed for the entire share capital of Wireless Logic Holding BV, a company incorporated in The Netherlands to facilitate the acquisition of M2M Blue Ventures BV. The total cost of the subscription was €1.00.

The company directly holds share capital in the following company.

Company name	Nature of the business	Registered Address	Class	%
Mdex GmbH	M2M Managed value added services and SMS provider	Bäckerbarg 6, 22889 Tangstedt, Germany	Ordinary	100
Wireless Logic Holding BV	M2M Managed value added services and SMS provider	Josink Maatweg 43, 754 PS Enschede, Nederland	Ordinary	100

The company indirectly holds share capital in the following companies.

Company name	Nature of the business	Registered Address	Class	%
IC3S International Holding GmbH	M2M Managed value added service provider	Bäckerbarg 6, 22889 Tangstedt, Germany	Ordinary	100
M2M Blue Ventures BV	M2M Managed value added service provider	Josink Maatweg 42, 754 PS Enschede, Nederland	Ordinary	100
M2M Blue BV	M2M Managed value added service provider	Josink Maatweg 42, 754 PS Enschede, Nederland	Ordinary	100
BSS BV	M2M Managed value added service provider	Josink Maatweg 42, 754 PS Enschede, Nederland	Ordinary	100

The directors believe that the net book value of investments is supported by their underlying net assets.

**Notes to the financial statements for the year ended 30th April 2019 (continued)****11 Intangible assets**

	Software £'000	Subscriber acquisition £'000	Development £'000	Total £'000
<b>Cost</b>				
At 1 <sup>st</sup> May 2018	908	3,207	2,959	7,074
Additions	152	1,330	1,028	2,510
<b>At 30<sup>th</sup> April 2019</b>	<b>1,060</b>	<b>4,537</b>	<b>3,987</b>	<b>9,584</b>
<b>Accumulated amortisation</b>				
At 1 <sup>st</sup> May 2018	(559)	(2,223)	(1,857)	(4,639)
Charge for the year	(172)	(776)	(750)	(1,698)
<b>At 30<sup>th</sup> April 2019</b>	<b>(731)</b>	<b>(2,999)</b>	<b>(2,607)</b>	<b>(6,337)</b>
<b>Net book amount</b>				
<b>At 30<sup>th</sup> April 2019</b>	<b>329</b>	<b>1,538</b>	<b>1,380</b>	<b>3,247</b>
At 30 <sup>th</sup> April 2018	349	984	1,102	2,435

**12 Property, plant and equipment**

	Leasehold improvements £'000	Fixtures and fittings £'000	IT equipment £'000	Total £'000
<b>Cost or valuation</b>				
At 1 <sup>st</sup> May 2018	135	268	1,567	1,970
Additions	-	-	101	101
<b>At 30<sup>th</sup> April 2019</b>	<b>135</b>	<b>268</b>	<b>1,668</b>	<b>2,071</b>
<b>Accumulated depreciation</b>				
At 1 <sup>st</sup> May 2018	(103)	(221)	(904)	(1,228)
Charge for the year	(12)	(47)	(378)	(437)
<b>At 30<sup>th</sup> April 2019</b>	<b>(115)</b>	<b>(268)</b>	<b>(1,282)</b>	<b>(1,665)</b>
<b>Net book amount</b>				
<b>At 30<sup>th</sup> April 2019</b>	<b>20</b>	<b>-</b>	<b>386</b>	<b>406</b>
At 30 <sup>th</sup> April 2018	32	47	663	742

**13 Inventories**

	2019 £'000	2018 £'000
<i>Finished goods and goods for resale</i>	<b>100</b>	113

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying amounts.

**Notes to the financial statements for the year ended 30<sup>th</sup> April 2019 (continued)****14 Trade and other receivables**

	2019	2018
	£'000	£'000
Trade receivables	6,213	5,688
Amounts owed by group undertakings	54,518	31,185
Other receivables	1,000	1,266
Prepayments and accrued income	1,416	1,410
	<b>63,147</b>	<b>39,549</b>

Trade receivables of £6,213k (2018: £5,688k) fall due within one year.

Amounts owed by group undertakings are unsecured and repayable on demand. Trade receivables are stated after expected credit losses of £1,489k (2018: £1,763k). Other receivables include an amount of £1.0m from those who advised the group in relation to the deductibility of interest on shareholder loans, where a prior year tax liability to HMRC for £1.3m has been provided for and is included in the corporation tax liability (note 15).

**15 Trade and other payables: amounts falling due within one year**

	2019	2018
	£'000	£'000
Trade payables	3,325	3,718
Amounts owed to group undertakings	8,551	6,835
Other taxation and social security	877	941
Deferred tax liability	-	43
Corporation tax	3,359	2,494
Accruals and deferred income	2,744	2,640
	<b>18,856</b>	<b>16,671</b>

Amounts owed to group undertakings are unsecured and repayable on demand.

**16 Deferred tax**

The provision for deferred tax consists of the following deferred tax (assets)/liabilities:

	2019	2018
	£'000	£'000
Deferred tax		
Brought forward deferred tax liabilities	43	106
Deferred tax credited to income statement for the year	(62)	(63)
At end of year	(19)	43

	2019	2018
	£'000	£'000
Deferred tax (assets)/liabilities		
Deferred tax (assets)/liabilities arising on temporary differences	(19)	43
Total deferred tax (assets)/liabilities	(19)	43

£19k of the deferred tax assets (2018: £43k deferred tax liabilities) is due after more than one year.

**Notes to the financial statements for the year ended 30<sup>th</sup> April 2019 (continued)****16 Deferred tax (continued)**

A deferred tax asset has been recognised in the financial statements in respect of the above temporary timing difference, as management believe the company will generate sufficient taxable profits in the foreseeable future.

**17 Called up Share capital**

Ordinary shares of £1 each

Allotted and fully paid	No.	Called up Share Capital £'000	Share Premium £'000	Total £'000
As at 1 <sup>st</sup> May 2018 and 30 <sup>th</sup> April 2019	5,782	6	744	750

**18 Capital and other commitments**

As at the 30<sup>th</sup> April 2019 the company had annual commitments under non-cancellable operating leases expiring as follows.

	2019 £'000	2018 £'000
Not later than one year	280	230
Later than one year and not later than five years	1,922	922
Later than five years	714	384

**19 Related party transactions**

During the year, Wireless Logic Limited reimbursed CVC Capital Partners £139k (2018: £nil) for expenses incurred in connection with the sale of Wireless Logic group to Montagu Private Equity in July 2018. As at the 30<sup>th</sup> April 2019 there were no outstanding amounts due to or from CVC Capital Partners.

**20 Controlling parties**

The immediate parent undertaking is Wireless Logic Group Limited (company number: 07033895) a company incorporated in England and Wales.

The ultimate parent undertaking is Blue Topco Limited, a company incorporated in Jersey.

The largest and smallest group of undertakings for which consolidated financial statements for the period ended 30<sup>th</sup> April 2019 have been drawn up is that headed by Blue Holdco Limited. The consolidated financial statements of Blue Holdco Limited are available from Horizon, Honey Lane, Hurley, Berkshire, SL6 6RJ, England.

On the 25<sup>th</sup> July 2018, the Wireless Logic group of companies was acquired by funds managed by Montagu Private Equity LLP. Up until the date of acquisition, the directors considered the controlling parties to be CVC Growth Partners LP, CVC Growth Partners Co-investment LP and CVC Growth Partners Associates LP. Following the change in ownership, as at the 30<sup>th</sup> of April 2019, the directors consider the controlling party to be funds managed by Montagu Private Equity LLP.

## **Notes to the financial statements for the year ended 30th April 2019 (continued)**

### **21 Events after the end of the reporting period**

The company has acquired two businesses since the 30<sup>th</sup> April 2019 via wholly owned intermediate holding companies. SIMPoint BV in The Netherlands was acquired in June 2019 and Matooma SAS in France was acquired in July 2019. Both these businesses are market leading operators within their regions and provide services very similar to Wireless Logic to a wide range of customers. The acquisitions were funded using a combination of cash and bank facilities. They added, in aggregate, approximately 60 new people to the overall headcount and will make a material contribution to future revenue and EBITDA.