

Company Registration No. 03745080 (England and Wales)

LIVEWIRE TELECOM LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2023



LIVEWIRE TELECOM LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | R J Gallant E J Gallant |
| Secretary | E J Gallant |
| Company number | 03745080 |
| Registered office | Unit 1143 Silverstone Park Silverstone Northamptonshire NN12 8FU England |
| Auditor | Mercer & Hole, Chartered Accountants The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1BP |

LIVEWIRE TELECOM LIMITED

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LIVEWIRE TELECOM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present the strategic report for the year ended 30 September 2023.

Fair review of the business

The principal activity of the company is the retail and wholesale distribution of consumer products.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

Livewire Telecom Limited are involved in the distribution and online retail of major brands such as Huawei, Infnix, Oclean, Xiaomi, ZTE, TCL, Oppo, TP Link and Honor. Livewire Telecom Limited have direct supply agreements with most of these brands to bring their product ranges to market via online retail platforms.

The company's client list includes all the major tier one distributors of telecoms equipment in the UK and is working with the network operators/carriers directly. The company has close relationships with Amazon and social media platforms such as Tiktok stores.

Within the year, the company has launched its new 5G-enabled devices and associated services which have significantly contributed to revenue growth.

Additionally, the company successfully expanded its market presence, entering new regions and securing partnerships with key customers and platforms. This strategic expansion has opened new revenue streams and enhanced brand visibility.

The company has maintained high levels of customer satisfaction throughout the year via dedicated support services and continuous improvement of its product offerings. Customer feedback has been positive, reflecting the company's commitment to quality and service excellence.

Principal risks and uncertainties

There has been an increase in operational expenses, particularly in logistics and supply chain management. In addition to this, the telecommunications industry remains highly competitive, with numerous players vying for market share. The company has had to continuously innovate and adapt to maintain its position.

Development and performance

The company considers that its key financial performance indicators are turnover, gross profit margin, debtor days and stock levels. These indicators are monitored on a monthly basis. As at 30 September, these KPIs are:

| | 2023 | 2022 |
|---------------------|--------|--------|
| Turnover | £27.4m | £21.9m |
| Gross profit margin | 11.26% | 12.67% |
| Debtor days | 34.1 | 28.7 |
| Stock levels | £4.3m | £4.8m |

The director considers the company's performance against these KPIs to be satisfactory.

On behalf of the board

Richard Gallant

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R J Gallant

Director

Date: 03/06/24

LIVEWIRE TELECOM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their annual report and financial statements for the year ended 30 September 2023.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £415,675 (2022: £510,883). The directors do not recommend payment of a further dividend.

Directors

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

R J Gallant

E J Gallant

(Appointed 21 September 2023)

Research and development

Livewire will continue to invest in the development of software to automate its business practices.

Future developments

The company plans to further invest in R&D to stay ahead of technological trends and expand its product portfolio. Market expansion efforts will continue, with a focus on establishing a stronger foothold in high-growth regions. Furthermore, the company aims to enhance its sustainability initiatives, aligning with global trends and customer expectations.

Auditor

The auditor, Mercer & Hole LLP, is deemed to be re-appointed under section 487 (2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives and policies.

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Richard Gallant

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R J Gallant

Director

Date: 03/06/24

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LIVEWIRE TELECOM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVEWIRE TELECOM LIMITED

Opinion

We have audited the financial statements of Livewire Telecom Limited (the 'company') for the year ended 30 September 2023 which comprise the statement of income and retained earnings, the statement of financial position, 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 30 September 2023 and of its profit 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 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 has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVEWIRE TELECOM 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006 and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of noncompliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVEWIRE TELECOM LIMITED (CONTINUED)

Use of our report

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

S J Robinson

Steve Robinson FCA (Senior Statutory Auditor)
For and on behalf of Mercer & Hole, Chartered Accountants, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

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03/06/24

LIVEWIRE TELECOM LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 SEPTEMBER 2023

| | Notes | 2023 £ | 2022 £ |
|--|-------|------------------|------------------|
| Turnover | 3 | 27,414,950 | 21,887,103 |
| Cost of sales | | (24,328,119) | (19,114,791) |
| Gross profit | | 3,086,831 | 2,772,312 |
| Administrative expenses | | (2,750,732) | (2,265,128) |
| Other operating income | 4 | 5,105 | 7,923 |
| Operating profit | | 341,204 | 515,107 |
| Interest receivable and similar income | 9 | 55 | - |
| Interest payable and similar expenses | 10 | (37,616) | (41,742) |
| Profit before taxation | | 303,643 | 473,365 |
| Tax on profit | 11 | (65,566) | (75,879) |
| Profit for the financial year | | 238,077 | 397,486 |
| Retained earnings brought forward | | 3,729,963 | 3,843,360 |
| Dividends | 12 | (415,675) | (510,883) |
| Retained earnings carried forward | | <u>3,552,365</u> | <u>3,729,963</u> |

The notes on pages 10 to 23 form part of these financial statements.

LIVEWIRE TELECOM LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2023**

| | Notes | 2023 | | 2022 | |
|--|-------|-------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 13 | | - | | 14,450 |
| Tangible assets | 14 | | 254,258 | | 518,769 |
| Investments | 15 | | 300 | | - |
| | | | <u>254,558</u> | | <u>533,219</u> |
| Current assets | | | | | |
| Stocks | 17 | 4,263,101 | | 4,810,597 | |
| Debtors | 18 | 2,922,509 | | 2,010,277 | |
| Cash at bank and in hand | | 410,960 | | 417,145 | |
| | | | <u>7,596,570</u> | <u>7,238,019</u> | |
| Creditors: amounts falling due within one year | 19 | (4,239,158) | | (3,862,997) | |
| Net current assets | | | <u>3,357,412</u> | | <u>3,375,022</u> |
| Total assets less current liabilities | | | <u>3,611,970</u> | | <u>3,908,241</u> |
| Creditors: amounts falling due after more than one year | 20 | | - | | (76,090) |
| Provisions for liabilities | 23 | | (59,505) | | (102,088) |
| Net assets | | | <u>3,552,465</u> | | <u>3,730,063</u> |
| Capital and reserves | | | | | |
| Called up share capital | 26 | | 100 | | 100 |
| Profit and loss reserves | 27 | | 3,552,365 | | 3,729,963 |
| Total equity | | | <u>3,552,465</u> | | <u>3,730,063</u> |

The financial statements were approved by the board of directors and authorised for issue on 03/06/24 and are signed on its behalf by:

Richard Gallant
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R J Gallant
Director

LIVEWIRE TELECOM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

| | Notes | 2023 £ | £ | 2022 £ | £ |
|---|-------|-------------|--------------------|-----------|------------------|
| Cash flows from operating activities | | | | | |
| Cash (absorbed by)/generated from operations | 28 | | (895,359) | | 857,079 |
| Interest paid | | | (37,411) | | (41,742) |
| Income taxes paid | | | (268,000) | | - |
| Net cash (outflow)/inflow from operating activities | | | (1,200,770) | | 815,337 |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (2,655) | | (67,368) | |
| Proceeds on disposal of tangible fixed assets | | 914 | | 102,000 | |
| Proceeds on disposal of subsidiaries | | (300) | | - | |
| Interest received | | 55 | | - | |
| Net cash (used in)/generated from investing activities | | | (1,986) | | 34,632 |
| Financing activities | | | | | |
| Repayment of borrowings | | 112 | | 104 | |
| Proceeds of new bank loans | | 972,711 | | - | |
| Repayment of bank loans | | (300,000) | | (400,000) | |
| Proceeds from invoice financing | | 4,055,793 | | - | |
| Repayment of invoice financing | | (3,528,991) | | - | |
| Payment of finance leases obligations | | (3,054) | | (102,036) | |
| Net cash generated from/(used in) financing activities | | | 1,196,571 | | (501,932) |
| Net (decrease)/increase in cash and cash equivalents | | | (6,185) | | 348,037 |
| Cash and cash equivalents at beginning of year | | | 417,145 | | 69,108 |
| Cash and cash equivalents at end of year | | | 410,960 | | 417,145 |

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

Company information

Livewire Telecom Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 1143 Silverstone Park, Silverstone, Northamptonshire, England, NN12 8FU.

The company's principal activities and nature of its operations are disclosed in the Directors' Report and Strategic Report.

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, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

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

The Company has taken advantage of the exemption of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the Company as a single entity.

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.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

No amortisation has been charged on development costs. Amortisation will be recognised so as to write off the cost of assets over their useful lives when the asset comes into use.

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. Where it is impractical to identify the carrying amount of a replaced part, it is estimated using the current cost of the replacement part, adjusted for depreciation and impairment. All other costs of repairs and maintenance are charged to profit or loss as incurred.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------|----------------------|
| Leasehold improvements | 10% straight line |
| Plant and equipment | 25% reducing balance |
| Fixtures and fittings | 25% straight line |
| Computers | 33% straight line |
| Motor vehicles | 25% reducing balance |

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.

Fixed asset investments

Interests in subsidiaries 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.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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 when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost, being transaction price less any amounts settled and impairment losses.

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.

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies (Continued)

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 trade and other creditors, bank loans, amounts owed to group undertakings, accruals, other borrowings, other taxation and social security 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 leases asset are consumed.

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date 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.

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.

In the opinion of the directors there are no material judgements or estimations which require disclosure.

3 Turnover and other revenue

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Retail and wholesale distribution | 27,414,950 | 21,887,103 |
| | <u>27,414,950</u> | <u>21,887,103</u> |
| | | |
| | 2023 | 2022 |
| | £ | £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 11,121,036 | 10,454,042 |
| Europe | 7,111,437 | 8,515,676 |
| Rest of World | 9,182,477 | 2,917,385 |
| | <u>27,414,950</u> | <u>21,887,103</u> |

4 Other operating income

During the year the company received £4,214 (2022: £3,967) relating to distribution and carriage, £750 (2022: £3,956) relating to insurance claims and £141 (2022: nil) relating to import control.

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

5 Employees

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

| | 2023 Number | 2022 Number |
|----------------|----------------|----------------|
| Administration | 11 | 11 |
| Warehouse | 5 | 5 |
| Total | <u>16</u> | <u>16</u> |

Their aggregate remuneration comprised:

| | 2023 £ | 2022 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 633,250 | 653,245 |
| Social security costs | 55,150 | 57,323 |
| Pension costs | 14,998 | 15,118 |
| | <u>703,398</u> | <u>725,686</u> |

6 Directors' remuneration

| | 2023 £ | 2022 £ |
|--------------------------------------|--------------|--------------|
| Remuneration for qualifying services | <u>9,096</u> | <u>8,970</u> |

7 Operating profit

| | 2023 £ | 2022 £ |
|---|----------------|----------------|
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange differences | 104,399 | (50,129) |
| Depreciation of owned tangible fixed assets | 146,149 | 120,524 |
| Depreciation of tangible fixed assets held under finance leases | 7,927 | 27,888 |
| Loss/(profit) on disposal of tangible fixed assets | 9,744 | (22,678) |
| Loss on disposal of intangible assets | 14,450 | - |
| Impairment of stocks recognised or reversed | 66,925 | 77,472 |
| Operating lease charges | <u>157,688</u> | <u>189,643</u> |

8 Auditor's remuneration

| | 2023 £ | 2022 £ |
|---|---------------|---------------|
| Fees payable to the company's auditor and its associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | <u>27,750</u> | <u>26,500</u> |

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

| | | |
|--|-----------------|-----------------|
| 9 Interest receivable and similar income | 2023 | 2022 |
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 55 | - |
| | <u>55</u> | <u>-</u> |
| Investment income includes the following: | | |
| Interest on financial assets not measured at fair value through profit or loss | 55 | - |
| | <u>55</u> | <u>-</u> |
| 10 Interest payable and similar expenses | 2023 | 2022 |
| | £ | £ |
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 31,783 | 7,937 |
| Other finance costs: | | |
| Interest on finance leases and hire purchase contracts | 1,648 | 33,784 |
| Other interest | 4,185 | 21 |
| | <u>37,616</u> | <u>41,742</u> |
| 11 Taxation | 2023 | 2022 |
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 127,953 | 106,569 |
| Adjustments in respect of prior periods | (19,804) | 12,940 |
| Total current tax | <u>108,149</u> | <u>119,509</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (68,685) | (21,837) |
| Changes in tax rates | - | (6,897) |
| Previously unrecognised tax loss, tax credit or timing difference | 26,102 | (14,896) |
| Total deferred tax | <u>(42,583)</u> | <u>(43,630)</u> |
| Total tax charge | <u>65,566</u> | <u>75,879</u> |

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

11 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

| | 2023 £ | 2022 £ |
|--|-----------|-----------|
| Profit before taxation | 303,643 | 473,365 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 22.01% (2022: 19.00%) | 66,826 | 89,939 |
| Tax effect of expenses that are not deductible in determining taxable profit | 462 | - |
| Under/(over) provided in prior years | (19,804) | (1,956) |
| Deferred tax adjustments in respect of prior years | 26,102 | - |
| Fixed asset differences | 199 | (5,208) |
| Remeasurement of deferred tax for changes in tax rates | (8,219) | (6,896) |
| Taxation charge for the year | 65,566 | 75,879 |

In the Spring Budget 2021, the Government announced measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which was effective from 1 April 2023.

As a result, deferred tax assets and liabilities at the reporting periods have been calculated at 25% (2022: 25%).

12 Dividends

| | 2023 £ | 2022 £ |
|------------|-----------|-----------|
| Final paid | 415,675 | 510,883 |

13 Intangible fixed assets

| | Development costs £ |
|------------------------|---------------------------|
| Cost | |
| At 1 October 2022 | 14,450 |
| Disposals | (14,450) |
| At 30 September 2023 | - |
| Carrying amount | |
| At 30 September 2023 | - |
| At 30 September 2022 | 14,450 |

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

14 Tangible fixed assets

| | Leasehold improvements | Plant and equipment | Fixtures and fittings | Computers | Motor vehicles | Total |
|------------------------------------|------------------------|---------------------|-----------------------|-----------|----------------|-----------|
| | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | |
| At 1 October 2022 | 539,678 | 189,179 | 163,791 | 42,599 | 126,835 | 1,062,082 |
| Additions | - | - | - | 2,655 | - | 2,655 |
| Disposals | - | - | - | (42,599) | (126,835) | (169,434) |
| At 30 September 2023 | 539,678 | 189,179 | 163,791 | 2,655 | - | 895,303 |
| Depreciation and impairment | | | | | | |
| At 1 October 2022 | 297,681 | 84,014 | 116,715 | 38,238 | 6,665 | 543,313 |
| Depreciation charged in the year | 53,968 | 47,295 | 40,948 | 3,938 | 7,927 | 154,076 |
| Eliminated in respect of disposals | - | - | - | (41,752) | (14,592) | (56,344) |
| At 30 September 2023 | 351,649 | 131,309 | 157,663 | 424 | - | 641,045 |
| Carrying amount | | | | | | |
| At 30 September 2023 | 188,029 | 57,870 | 6,128 | 2,231 | - | 254,258 |
| At 30 September 2022 | 241,997 | 105,165 | 47,076 | 4,361 | 120,170 | 518,769 |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

| | 2023 | 2022 |
|----------------|------|---------|
| | £ | £ |
| Motor vehicles | - | 120,170 |

15 Fixed asset investments

| | Notes | 2023 | 2022 |
|-----------------------------|-------|------|------|
| | | £ | £ |
| Investments in subsidiaries | 16 | 300 | - |

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

15 Fixed asset investments (Continued)

Movements in fixed asset investments

| | Shares in group undertakings £ |
|---------------------------------------|---|
| Cost or valuation | |
| At 1 October 2022 | 1,000 |
| Additions | 300 |
| At 30 September 2023 | <u>1,300</u> |
| Impairment | |
| At 1 October 2022 & 30 September 2023 | <u>1,000</u> |
| Carrying amount | |
| At 30 September 2023 | <u>300</u> |
| At 30 September 2022 | <u><u>-</u></u> |

The company acquired 100% of the share capital of Livewire 1 Ltd, Livewire 2 Ltd and Livewire 3 Ltd for total consideration of £300.

16 Subsidiaries

Details of the company's subsidiaries at 30 September 2023 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held Direct |
|---------------------|---|--------------------|----------------------|---------------|
| Efones.com Limited | Unit 1143 Silverstone Park, Silverstone, Northamptonshire, United Kingdom, NN12 8FU | Dormant | Ordinary | 100.00 |
| LIVEWIRE 1 LIMITED | Unit 1143 Silverstone Park, Silverstone, Northamptonshire, United Kingdom, NN12 8FU | Dormant | Ordinary | 100.00 |
| LIVEWIRE 2 LIMITED | Unit 1143 Silverstone Park, Silverstone, Northamptonshire, United Kingdom, NN12 8FU | Dormant | Ordinary | 100.00 |
| LIVEWIRE 3 LIMITED | Unit 1143 Silverstone Park, Silverstone, Northamptonshire, United Kingdom, NN12 8FU | Dormant | Ordinary | 100.00 |

17 Stocks

| | 2023 £ | 2022 £ |
|-------------------------------------|------------------|------------------|
| Finished goods and goods for resale | <u>4,263,101</u> | <u>4,810,597</u> |

The difference between the carrying value of stock and its replacement cost is not material.

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

17 Stocks (Continued)

An impairment loss of £66,925 (2022: £77,472) was recognised in cost of sales against stock during the period due to slowmoving and obsolete stock.

18 Debtors

| | 2023 | 2022 |
|---|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 2,562,436 | 1,718,211 |
| Other debtors | 199,402 | 122,640 |
| Prepayments and accrued income | 160,671 | 169,426 |
| | <u>2,922,509</u> | <u>2,010,277</u> |

19 Creditors: amounts falling due within one year

| | | 2023 | 2022 |
|------------------------------------|-------|------------------|------------------|
| | Notes | £ | £ |
| Bank loans | 21 | 972,916 | 300,000 |
| Obligations under finance leases | 22 | - | 26,398 |
| Other borrowings | 21 | 2,304 | 2,192 |
| Trade creditors | | 1,974,361 | 2,006,944 |
| Amounts owed to group undertakings | | 75,117 | 147,319 |
| Corporation tax | | 116,525 | 276,376 |
| Other taxation and social security | | 390,752 | 15,633 |
| Invoice finance | 21 | 526,802 | - |
| Other creditors | | 83,481 | 340,786 |
| Accruals and deferred income | | 96,900 | 747,349 |
| | | <u>4,239,158</u> | <u>3,862,997</u> |

The finance leases were secured against the assets to which they related to.

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment. These amounts are repayable on demand.

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

20 Creditors: amounts falling due after more than one year

| | Notes | 2023 £ | 2022 £ |
|----------------------------------|-------|-----------|-----------|
| Obligations under finance leases | 22 | - | 76,090 |

The finance leases were secured against the assets to which they related to.

21 Borrowings

| | 2023 £ | 2022 £ |
|-------------------------|------------------|----------------|
| Bank loans | 972,916 | 300,000 |
| Invoice finance | 526,802 | - |
| Other loans | 2,304 | 2,192 |
| | <u>1,502,022</u> | <u>302,192</u> |
| Payable within one year | <u>1,502,022</u> | <u>302,192</u> |

During the year ended 31 December 2020, the company took out a Coronavirus Business Interruption Loan (CBIL) which was secured by a fixed and floating charge over the company's assets. The loan accrued interest at 3% and is repayable in monthly instalments of £33,333 commencing from January 2021.

As part of the scheme the first 12 months were interest free for the recipient and the Government covered the interest during this period. The Government assistance was therefore accounted for within other operating income with the relevant interest expense recognised in the profit and loss. The company became liable to repay accrued interest from April 2022.

The Government provided the lender with an 100% guarantee over the loan as part of the scheme. During the current year the Coronavirus Business Interruption Loan was fully paid off. At the comparative reporting date, the loan had a carrying value of £300,000.

During the year, the company took out 5 short-term trade loans totalling £972,711. These loans bear interest at variable rates equal to base rate plus 2.5% per annum. At the reporting date, these loans had a carrying value of £972,916 (2022: £nil). After the reporting date, these loans were fully repaid. In addition, after the reporting date, the company took out 3 additional short-term loans totalling £929,880 which all bear interest at a variable rates equal to base rate plus 2.5% per annum.

During the year, the company entered an invoice financing agreement with its banking provider. At the reporting date, amounts totalling £526,802 (2022: £nil) were repayable under this agreement.

At the reporting date loans to the directors totalled £2,304 (2022: £2,192), interest accrues on this balance at 5% per annum.

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

22 Finance lease obligations

| | 2023 | 2022 |
|---|----------|----------------|
| | £ | £ |
| Future minimum lease payments due under finance leases: | | |
| Less than one year | - | 26,398 |
| Between one and five years | - | 76,090 |
| | <u>-</u> | <u>102,488</u> |
| | <u>-</u> | <u>102,488</u> |

Finance lease payments represent rentals payable by the company for motor vehicles. The lease includes a purchase option at the end of the lease period and no restrictions were placed on the use of the asset. The lease term was 3 years. During the year the motor vehicle held under the finance lease was disposed of (refer to note 14) and the outstanding lease liability was settled.

23 Provisions for liabilities

| | Notes | 2023 | 2022 |
|--------------------------|-------|---------------|----------------|
| | | £ | £ |
| Deferred tax liabilities | 24 | 59,505 | 102,088 |
| | | <u>59,505</u> | <u>102,088</u> |

24 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

| | Liabilities 2023 | Liabilities 2022 |
|--------------------------------|---------------------|---------------------|
| | £ | £ |
| Balances: | | |
| Fixed asset timing differences | 61,109 | 119,271 |
| Short term timing differences | (1,604) | (17,183) |
| | <u>59,505</u> | <u>102,088</u> |
| | <u>59,505</u> | <u>102,088</u> |

Movements in the year:

| | 2023 |
|--------------------------------|---------------|
| | £ |
| Liability at 1 October 2022 | 102,088 |
| Credit to profit or loss | (42,583) |
| | <u>59,505</u> |
| Liability at 30 September 2023 | <u>59,505</u> |

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

25 Retirement benefit schemes

| | 2023 | 2022 |
|---|--------|--------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 14,998 | 15,118 |

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.

Contributions totalling £3,942 (2022: £3,735) were payable to the fund at the year end and are included in creditors.

26 Share capital

| | 2023 | 2022 | 2023 | 2022 |
|---|--------|--------|------|------|
| | Number | Number | £ | £ |
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of £1 each | 100 | 100 | 100 | 100 |

Ordinary share rights

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

27 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

28 Cash (absorbed by)/generated from operations

| | 2023 | 2022 |
|--|------------------|----------------|
| | £ | £ |
| Profit for the year after tax | 238,077 | 397,486 |
| Adjustments for: | | |
| Taxation charged | 65,566 | 75,879 |
| Finance costs | 37,616 | 41,742 |
| Investment income | (55) | - |
| Loss/(gain) on disposal of tangible fixed assets | 9,744 | (22,678) |
| Loss on disposal of intangible assets | 14,450 | - |
| Depreciation and impairment of tangible fixed assets | 154,076 | 148,412 |
| Movements in working capital: | | |
| Decrease/(increase) in stocks | 547,496 | (18,845) |
| Increase in debtors | (909,232) | (2,196) |
| (Decrease)/increase in creditors | (1,053,097) | 237,279 |
| Cash (absorbed by)/generated from operations | (895,359) | 857,079 |

LIVEWIRE TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

29 Analysis of changes in net funds/(debt)

| | 1 October 2022 | Cash flows | Interest accrued | 30 September 2023 |
|----------------------------------|-------------------|--------------------|---------------------|----------------------|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 417,145 | (6,185) | - | 410,960 |
| Borrowings excluding overdrafts | (302,192) | (1,199,625) | (205) | (1,502,022) |
| Obligations under finance leases | (102,488) | 102,488 | - | - |
| | <u>12,465</u> | <u>(1,103,322)</u> | <u>(205)</u> | <u>(1,091,062)</u> |

30 Operating lease commitments

Lessee

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:

| | 2023 | 2022 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Within one year | 112,202 | 112,202 |
| Between one and five years | 448,810 | 448,810 |
| In over five years | 224,405 | 336,608 |
| | <u>785,417</u> | <u>897,620</u> |

31 Related party transactions

At the end of the year, Livewire Telecom Ltd owed Livewire USA £58,818 (2022: £147,319). Livewire USA is 51% owned by Richard Gallant.

During the year Livewire Telecom Limited sold goods amounting to £nil (2022: £1,632,301) to Livewire BV Ltd. At the end of the year Livewire Telecom Ltd owed £15,999 (2022: £6,950 due to the company) to Livewire BV Ltd.

32 Ultimate controlling party

The controlling party is R J Gallant.