

Company Registration No. 05043644 (England and Wales)

**BABBLE CLOUD (UC) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

# BABBLE CLOUD (UC) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr J L Cawood	(Appointed 23 December 2020)
	Mr M J Parker	(Appointed 23 December 2020)
<b>Company number</b>	05043644	
<b>Registered office</b>	Bury House 31 Bury Street London United Kingdom EC3A 5AR	
<b>Auditor</b>	Azets Audit Services 2nd Floor Regis House 45 King William Street London United Kingdom EC4R 9AN	

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# **BABBLE CLOUD (UC) LIMITED**

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# **BABBLE CLOUD (UC) LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 30 JUNE 2020***

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The directors present their annual report and financial statements for the year ended 30 June 2020.

#### **Principal activities**

The principal activity of the company continued to be that of providers of Network Telephony Services.

#### **Results and dividends**

The company did not pay a dividend during the year or the prior year.

#### **Directors**

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

R P Bates	(Resigned 23 December 2020)
A Storozhev	(Resigned 23 December 2020)
D H Jones	(Resigned 23 December 2020)
A Heydel	(Resigned 23 December 2020)
Mr J L Cawood	(Appointed 23 December 2020)
Mr M J Parker	(Appointed 23 December 2020)

#### **Auditor**

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On 7 September 2020 Group Audit Services Limited, trading as Wilkins Kennedy Audit Services, changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

#### **Statement of disclosure to auditor**

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

#### **Change of name**

The company passed a special resolution on 17 March 2021 changing its name from Ultra Communications Limited to Babble Cloud (UC) Limited.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board

Mr J L Cawood

**Director**

19 April 2021

# **BABBLE CLOUD (UC) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT** ***FOR THE YEAR ENDED 30 JUNE 2020***

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

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

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

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

# BABBLE CLOUD (UC) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF BABBLE CLOUD (UC) LIMITED

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#### Opinion

We have audited the financial statements of Babble Cloud (UC) Limited (the 'company') for the year ended 30 June 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 June 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as the company's ability to continue as a going concern.

#### 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. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

# **BABBLE CLOUD (UC) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BABBLE CLOUD (UC) LIMITED**

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### **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 directors' report has been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

### **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.

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

### **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.

# **BABBLE CLOUD (UC) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BABBLE CLOUD (UC) LIMITED**

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**Anil Kapoor (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

20 April 2021

**Chartered Accountants**  
**Statutory Auditor**

2nd Floor  
Regis House  
45 King William Street  
London  
United Kingdom  
EC4R 9AN



# BABBLE CLOUD (UC) LIMITED

## PROFIT AND LOSS ACCOUNT

***FOR THE YEAR ENDED 30 JUNE 2020***

	Notes	2020 £	2019 £
<b>Turnover</b>		3,080,083	3,401,415
Cost of sales		(919,147)	(903,384)
<b>Gross profit</b>		2,160,936	2,498,031
Administrative expenses		(1,932,783)	(2,137,152)
Other operating income		20	-
<b>Operating profit</b>	<b>3</b>	228,173	360,879
Interest receivable and similar income	<b>5</b>	11,005	4,756
Interest payable and similar expenses	<b>6</b>	(1,082)	(1,081)
<b>Profit before taxation</b>		238,096	364,554
Tax on profit	<b>7</b>	61,701	128,486
<b>Profit for the financial year</b>		299,797	493,040

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# **BABBLE CLOUD (UC) LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME** ***FOR THE YEAR ENDED 30 JUNE 2020***

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	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	299,797	493,040
<b>Other comprehensive income</b>	-	-
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	299,797	493,040
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# BABBLE CLOUD (UC) LIMITED

## BALANCE SHEET

**AS AT 30 JUNE 2020**

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	8		45,541		112,335
<b>Current assets</b>					
Debtors	9	870,115		862,421	
Cash at bank and in hand		1,276,214		893,794	
		<u>2,146,329</u>		<u>1,756,215</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(532,354)</u>		<u>(621,533)</u>	
<b>Net current assets</b>			1,613,975		1,134,682
<b>Total assets less current liabilities</b>			<u>1,659,516</u>		<u>1,247,017</u>
<b>Capital and reserves</b>					
Called up share capital			216,766		216,766
Capital redemption reserve			83,134		83,134
Share based payments reserve			228,480		115,778
Profit and loss reserves			<u>1,131,136</u>		<u>831,339</u>
<b>Total equity</b>			<u>1,659,516</u>		<u>1,247,017</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 19 April 2021 and are signed on its behalf by:

Mr J L Cawood  
**Director**

**Company Registration No. 05043644**

## BABBLE CLOUD (UC) LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Share capital	Capital redemption reserve	Share based payments reserve	Profit and loss reserves	Total
	£	£	£	£	£
<b>Balance at 1 July 2018</b>	216,766	83,134	-	338,299	638,199
<b>Year ended 30 June 2019:</b>					
Profit and total comprehensive income for the year	-	-	-	493,040	493,040
Share based payments	-	-	115,778	-	115,778
<b>Balance at 30 June 2019</b>	216,766	83,134	115,778	831,339	1,247,017
<b>Year ended 30 June 2020:</b>					
Profit and total comprehensive income for the year	-	-	-	299,797	299,797
Share based payments	-	-	135,568	-	135,568
Shares lapsed	-	-	(22,866)	-	(22,866)
<b>Balance at 30 June 2020</b>	216,766	83,134	228,480	1,131,136	1,659,516

# BABBLE CLOUD (UC) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

#### Company information

Babble Cloud (UC) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Bury House, 31 Bury Street, London, United Kingdom, EC3A 5AR.

#### 1.1 Accounting convention

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

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

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

#### Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7

#### 1.2 Going concern

The financial statements are prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

The directors have also considered the potential impact of the COVID-19 virus on the future viability of the company. At the date of preparing these financial statements, the full impact on the business of what are undoubtedly abnormal trading conditions cannot be quantified. This gives rise to material uncertainty which may or may not affect the going concern status of the company. The directors continue to take all available steps to maintain sufficient resources in order that the business can continue.

#### 1.3 Turnover

Turnover represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Minutes invoiced monthly in arrears and seats invoiced monthly in advance are recorded in the accounting period to which they relate and where applicable are recorded as accrued income in debtors or deferred income in creditors: amounts falling due within one year. All turnover is generated in the United Kingdom.

#### 1.4 Tangible fixed assets

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

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

Refurbishment of Leasehold Property	33% on cost
Office Equipment	33% on cost
Computers	33% on cost

# BABBLE CLOUD (UC) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### 1.5 Impairment of fixed assets

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

#### 1.6 Equity instruments

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of shares issued.
- Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.
- Capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.
- Share based payments reserve represents the fair value of options granted.

#### 1.7 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.8 Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

#### 1.9 Retirement benefits

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

# **BABBLE CLOUD (UC) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 JUNE 2020**

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### **1 Accounting policies**

**(Continued)**

#### **1.10 Share-based payments**

All options granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. Vesting conditions for all the share option schemes relate to service conditions and profit, which are non market conditions, the features of which are not incorporated in the fair value of the option. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

#### **1.11 Leases**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts or finance leases are depreciated over their estimated useful lives. The interest element of these obligations is charged to the statement of comprehensive income over the relevant period. The capital element of the future payments is treated as a liability.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

#### **1.12 Foreign exchange**

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

#### **1.13 Dividends**

Equity dividends are recognised when they become legally payable.

#### **1.14 Strategic Report**

Exemption has been taken from preparing a strategic report under S414B (b) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 on the grounds that the company would qualify as a small company were it not a member of an ineligible group.

#### **1.15 Debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income.

# BABBLE CLOUD (UC) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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### 2 Judgements and key sources of estimation uncertainty

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

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

#### Key sources of estimation uncertainty

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

#### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values on the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the tangible asset, and the accounting policy stated above for the useful economic lives for each class of the assets.

#### *Bad debt provision*

The value of trade debtors is sensitive to the recoverability in full of any invoices issued to each customer. Once the debt becomes overdue it is chased and periodically reviewed to ensure it is recoverable in full. If a provision is deemed necessary this is reflected in the financial statements.

#### *Share based payments*

The fair value of options granted in respect of Ordinary shares is sensitive to changes in the estimates used in the Black-Scholes option pricing model. These estimations consist principally of the current share price based on the estimated value of the company, the expected volatility, the expected dividend growth rate and the risk-free interest rate. The fair value of options granted in respect of B Ordinary shares is sensitive to changes in the estimated date of sale of the company, the estimated valuation of the company at the date of sale and the discount rate used.

### 3 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging:		
Auditors' remuneration - audit	9,850	9,850
Auditors' remuneration - other	5,147	3,437
Depreciation of owned tangible fixed assets	70,994	70,305
Share-based payments	112,702	115,778
Operating lease charges	68,493	69,333
Pension costs	104,514	135,079
Healthcare	8,242	9,426



# BABBLE CLOUD (UC) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 4 Employees

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

	2020 Number	2019 Number
	20	22
	2020 £	2019 £
Wages and salaries	1,006,500	1,118,197
Social security costs	114,083	125,069
Pension costs	104,514	135,079
	1,225,097	1,378,345

The company considers its key management personnel to be the directors. The aggregate benefits of key management personnel amounted to £301,882 (2019: £301,830).

The highest paid director received £168,682 (2019: £168,630).

The highest paid director is entitled to receive 1 B Ordinary Share under an equity-settled share based remuneration scheme which vests when an exist occurs (2019: 1). The expense provided in these accounts in respect of this share based payment is £135,568 (2019: £71,488). This amount is excluded from the totals above.

### 5 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Other interest income	11,005	4,756

### 6 Interest payable and similar expenses

	2020 £	2019 £
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	1,082	1,081

### 7 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(7,771)	(128,721)

# BABBLE CLOUD (UC) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 7 Taxation

(Continued)

	2020 £	2019 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	(53,930)	235
	<u>          </u>	<u>          </u>
Total tax credit	(61,701)	(128,486)
	<u>          </u>	<u>          </u>

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

	2020 £	2019 £
Profit before taxation	238,096	364,554
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	45,238	69,265
Tax effect of expenses that are not deductible in determining taxable profit	23,323	79
Tax effect of utilisation of tax losses not previously recognised	(61,399)	(70,404)
Research and development tax credit	(74,594)	(128,721)
Depreciation in excess of capital allowances	5,731	1,295
	<u>          </u>	<u>          </u>
Taxation credit for the year	(61,701)	(128,486)
	<u>          </u>	<u>          </u>

# BABBLE CLOUD (UC) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 8 Tangible fixed assets

	Refurbishmen t of Leasehold Property £	Office Equipment £	Computers £	Total £
<b>Cost</b>				
At 1 July 2019	33,237	121,600	936,671	1,091,508
Additions	-	-	4,200	4,200
At 30 June 2020	33,237	121,600	940,871	1,095,708
<b>Depreciation and impairment</b>				
At 1 July 2019	8,339	116,268	854,566	979,173
Depreciation charged in the year	11,078	2,287	57,629	70,994
At 30 June 2020	19,417	118,555	912,195	1,050,167
<b>Carrying amount</b>				
At 30 June 2020	13,820	3,045	28,676	45,541
At 30 June 2019	24,898	5,332	82,105	112,335

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Computers	5,204	33,824

### 9 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	367,328	426,032
Corporation tax recoverable	15,167	15,167
Amounts owed by group undertakings	-	400
Other debtors	102,658	60,172
Prepayments and accrued income	206,872	189,824
	692,025	691,595

# BABBLE CLOUD (UC) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

9 Debtors		(Continued)	
		2020 £	2019 £
<b>Amounts falling due after more than one year:</b>			
Corporation tax recoverable		30,333	30,333
Other debtors		-	46,666
		<u>30,333</u>	<u>76,999</u>
Deferred tax asset (note 12)		147,757	93,827
		<u>178,090</u>	<u>170,826</u>
<b>Total debtors</b>		<u>870,115</u>	<u>862,421</u>
<b>10 Creditors: amounts falling due within one year</b>			
	Notes	2020 £	2019 £
Obligations under finance leases	11	-	31,222
Trade creditors		24,126	55,214
Amounts owed to group undertakings		182,371	182,321
Taxation and social security		136,828	159,941
Other creditors		16,810	14,180
Accruals and deferred income		172,219	178,655
		<u>532,354</u>	<u>621,533</u>
<b>11 Finance lease obligations</b>			
		2020 £	2019 £
Future minimum lease payments due under finance leases:			
Within one year		-	31,222
		<u>-</u>	<u>31,222</u>

# BABBLE CLOUD (UC) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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### 12 Deferred taxation

All deferred tax assets have been recognised on the basis that the directors consider that sufficient trading profits will be made in the foreseeable future.

	<b>Assets 2020 £</b>	<b>Assets 2019 £</b>
<b>Balances:</b>		
Accelerated capital allowances	(1,718)	(11,530)
Tax losses	149,475	105,357
	<u>147,757</u>	<u>93,827</u>
		<b>2020 £</b>
Asset at 1 July 2019		(93,827)
Credit to profit or loss		(53,930)
Asset at 30 June 2020		<u>(147,757)</u>

# BABBLE CLOUD (UC) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 13 Share-based payment transactions

The company operates two equity-settled share based remuneration schemes for two employees (2019: three employees).

One equity-settled share based remuneration scheme is in respect of options for one employee (2019: two employees) to acquire 1p Ordinary shares which vest the day following the grant date of 20 December 2018 and are exercisable for a period of 10 years from that date.

The other equity-settled share based remuneration scheme is in respect of an option for one employee to acquire a 1p B Ordinary share which will vest when a specified exit event occurs. The holder is entitled to cash based on a formula linked to the sale proceeds. The grant date was 20 December 2018. The B Ordinary share does not carry any voting rights or rights to dividends.

	2020	2019
Options - Ordinary shares		
Exercise price	15.804p	15.804p
Number granted	396,066	396,066
Number lapsed	(204,483)	-
Number outstanding	191,583	396,066
Number exercisable	191,583	396,066

	2020	2019
Options - B Ordinary shares		
Exercise price	1.000p	1.000p
Number granted	1	1
Number outstanding	1	1
Number exercisable	-	-

The following information is relevant in the determination of the fair value of options granted during the previous year under the equity-settled share based remuneration schemes operated by the company.

Inputs were as follows:

	2020	2019
Share price at grant date	22.220p	22.220p
Exercise price	15.804p	15.804p
Expected volatility	31.50%	31.50%
Contractual life	10 years	10 years
Risk free rate	0.75%	0.75%
Expected dividends growth rate	0.00%	0.00%
	==	==

The Black-Scholes option pricing model was used to value the share-based payment awards for Ordinary shares as it was considered that this approach would result in a materially accurate estimate of the fair value of options granted.

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a review of the volatility of comparable publically quoted companies and then discounted by 30%.

# BABBLE CLOUD (UC) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 13 Share-based payment transactions

(Continued)

#### Equity-settled: B Ordinary shares

The fair value of options granted is measured based on the directors' estimate of the date of sale and estimated valuation of the company at that date. On this basis the directors estimate the total cost of the options to be £310,000 and that a 7% discounted value of £270,766 should be provided in the financial statements over 2 years from 20 December 2018.

#### Liabilities and expenses

During the year, the company recognised total share-based payment expenses of £112,702 (2019 - £115,778) which related to equity settled share based payment transactions.

The share-based remuneration expense comprises:

		2020	2019
		£	£
Equity settled scheme: Ordinary shares	(22,866)	44,290	
Equity settled scheme: B Ordinary shares	<u>135,568</u>	<u>71,488</u>	
	<b><u>112,702</u></b>		<b><u>115,788</u></b>

The company did not enter into any share based payment transactions with parties other than employees in either the current or the prior year.

### 14 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:

	2020	2019
	£	£
Within one year	42,741	2,993
Between two and five years	-	207
	<u>42,741</u>	<u>3,200</u>

### 15 Related Party Disclosures

Key management are considered to be directors for which remuneration is disclosed separately in the notes to the accounts.

Robert Bates, a former director and employee of the company, is a director of Kingfisher Computing Limited which charged consultancy fees of £133,200 during the year (2019: £133,200).

Derwyn Jones, a former director and employee of the company, is a director in Goring Consulting Services Limited which charged consultancy fees of £56,000 during the year (2019: £56,000).

### 16 Events after the reporting date

The company passed a special resolution on 17 March 2021 changing its name from Ultra Communications Limited to Babble Cloud (UC) Limited.

## **BABBLE CLOUD (UC) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** ***FOR THE YEAR ENDED 30 JUNE 2020***

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#### **17 Directors' transactions**

On 8 June 2018 the company agreed to provide the former director D H Jones with a loan of £140,000 on a secured basis. The loan bears interest at a fixed annual rate of 2.5% and is repayable in equal annual instalments over 3 years, with the final instalment being due for repayment on 8 June 2021. £Nil (2019: £46,667) was repaid during the year and the amount outstanding at the year end was £95,667 (2019: £93,333). Interest charged on the loan during the year was £2,334 (2019: £3,500). The loan was fully repaid after the year end.

#### **18 Ultimate controlling party**

At the balance sheet date the company's immediate parent undertaking was Ultra Communications Holdings Limited, a company registered in England and Wales. Ultra Communications Holdings Limited produces group accounts. Copies of these accounts can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff.

On 23 December 2020, Ultra Communications Holdings Limited was purchased by Babble Cloud Holdings Limited. There is no one ultimate controlling party of Babble Cloud Holdings Limited and therefore of Ultra Communications Limited.



