

COMPANY REGISTRATION NUMBER: 07980955

Internet Mobile Communications Limited
Financial Statements
30 June 2019

EDMUND CARR LLP
Chartered Accountants & statutory auditor
146 New London Road
Chelmsford
Essex
CM2 0AW

Internet Mobile Communications Limited

Financial Statements

Year ended 30 June 2019

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Internet Mobile Communications Limited

Officers and Professional Advisers

The board of directors

Chun Yan Shao
Wen Lei Sun
S Leary
A M Fox
M J Stewart

Board observer

R Bednarek

Company secretary

M J Stewart

Registered office

Hurst House
131-133 New London Road
Chelmsford
CM2 0QT

Auditor

Edmund Carr LLP
Chartered Accountants & statutory auditor
146 New London Road
Chelmsford
Essex
CM2 0AW

Internet Mobile Communications Limited

Strategic Report

Year ended 30 June 2019

The principal activity of the company during this year was the promotion of its automated telecommunications trading service with same day settlements called Bank of Telecom PaaS (Platform as a Service).

Bank of Telecom PaaS continued to deliver strong growth winning the GCCM global telecom industry award in Berlin in May 2019 as "The Best Value Added Service Provider 2019" and was also ranked 23rd in September 2019 in the Sunday Times Hiscox Tech Track 100 Awards. The Company grew revenues from £22.28m (2018) to £62.4m (2019) with another 289 Bank of Telecom @ Members contracted in 2019. Members consist of Mobile Network Operators, Tier 1 and Tier 2 telecommunications operators from 87 countries (2018) increasing to 109 countries (2019). In addition, Bank of Telecom @ Members increased from 990 (2018) to 1,279 (2019) whilst revenue per employee* increase from £785k (2018) to £1.78m (2019) and revenue per member increased from £22,222 (2018) to £48,475 (2019).

The Company has upskilled its management team including the appointment of its Group Financial Controller, Connie Barragan. The company operates a detailed cashflow forecast and the company commenced a shareholder fund raising exercise for Loans with Warrants to the value of £3m in March 2020. Additionally, the Company has engaged with Silverpeak LLP to raise a minimum of a further £10m by August 2020 to fund its growth plans.

The company can state that although its offices have been impacted by the COVID-19 outbreaks, the company has always worked heavily on an international basis using communications tools such as Slack and Skype to hold internal and external meetings. COVID-19 has therefore not been identified as a business risk to the company and its impact may prove mildly positive for our business since the general volume of international calls is increasing as a result of travel restrictions.

*Includes contracted staff.

This report was approved by the board of directors on 16 April 2020 and signed on behalf of the board by:



M J Stewart
Director

Registered office:
Hurst House
131-133 New London Road
Chelmsford
CM2 0QT

Internet Mobile Communications Limited

Directors' Report

Year ended 30 June 2019

The directors present their report and the financial statements of the company for the year ended 30 June 2019.

Principal activities

The principal activity of the company during the year was the promotion of its automated telecommunications trading service with same day settlements called Bank of Telecom PaaS (Platform as a Service) offered in association with Western Union Business Solutions and American Express Corporation providing the company with Fx settlements facilities. Bank of Telecom offers an automated Voice and SMS trading solution with Valued Added services to the international telecommunications market estimated to be worth \$1.5Tn in 2019.

Directors

The directors who served the company during the year were as follows:

Chun Yan Shao
Wen Lei Sun
S Leary
A M Fox
M J Stewart

Observer

R Bednarek

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 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 judgments 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.

Internet Mobile Communications Limited

Directors' Report *(continued)*

Year ended 30 June 2019

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 16 April 2020 and signed on behalf of the board by:



M J Stewart
Director

Registered office:
Hurst House
131-133 New London Road
Chelmsford
CM2 0QT

Internet Mobile Communications Limited

Independent Auditor's Report to the Members of Internet Mobile Communications Limited

Year ended 30 June 2019

Qualified opinion

We have audited the financial statements of Internet Mobile Communications Limited (the 'company') for the year ended 30 June 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

In the previous accounting period the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit. As a result we have not been able to obtain sufficient audit evidence regarding comparative figures.

Following on from the above, we cannot provide assurance that the opening balances as at 1 July 2018 for balance sheet items, including the brought forward profit or loss reserve, are materially correct.

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 qualified 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.

Internet Mobile Communications Limited

Independent Auditor's Report to the Members of Internet Mobile Communications Limited (continued)

Year ended 30 June 2019

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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.

Internet Mobile Communications Limited

Independent Auditor's Report to the Members of Internet Mobile Communications Limited *(continued)*

Year ended 30 June 2019

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Internet Mobile Communications Limited

Independent Auditor's Report to the Members of Internet Mobile Communications Limited *(continued)*

Year ended 30 June 2019

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

SP Martin

Stewart Martin (Senior Statutory Auditor)

For and on behalf of
Edmund Carr LLP
Chartered Accountants & statutory auditor
146 New London Road
Chelmsford
Essex
CM2 0AW

16/4/2020

Internet Mobile Communications Limited

Statement of Comprehensive Income

Year ended 30 June 2019

		2019	2018
	Note	£	(restated) £
Turnover	4	62,422,678	22,279,246
Cost of sales		58,302,800	20,491,686
Gross profit		<u>4,119,878</u>	<u>1,787,560</u>
Administrative expenses		1,032,089	623,411
Provision for doubtful debts – Specific trade debtors		69,203	-
Provision for doubtful debts – Subsidiaries		43,538	-
Provision for doubtful debts – General		60,000	-
Profit share		135,000	84,575
Exchange rate variations		70,516	173,448
Operating profit	5	<u>2,709,532</u>	<u>906,126</u>
Other interest receivable and similar income	9	3,762	2,245
Interest payable and similar expenses	10	483,592	184,194
Profit before taxation		<u>2,229,702</u>	<u>724,177</u>
Tax on profit	11	389,375	47,874
Profit for the financial year and total comprehensive income		<u>1,840,327</u>	<u>676,303</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 22 form part of these financial statements.

Internet Mobile Communications Limited

Statement of Financial Position

30 June 2019

		2019		2018 (restated)	
	Note	£	£	£	£
Fixed assets					
Intangible assets	13		4,200		8,400
Tangible assets	14		15,685		10,835
Investments	15		14,550		—
			<u>34,435</u>		<u>19,235</u>
Current assets					
Debtors	16	10,633,439		4,208,397	
Cash at bank and in hand		558,585		886,652	
		<u>11,192,024</u>		<u>5,095,049</u>	
Creditors: amounts falling due within one year	17	<u>4,844,258</u>		<u>1,005,688</u>	
Net current assets			<u>6,347,766</u>		<u>4,089,361</u>
Total assets less current liabilities			<u>6,382,201</u>		<u>4,108,596</u>
Creditors: amounts falling due after more than one year	18		<u>2,296,318</u>		<u>2,447,990</u>
Net assets			<u>4,085,883</u>		<u>1,660,606</u>
Capital and reserves					
Called up share capital	21		395		345
Share premium account	22		1,508,855		708,905
Profit and loss account	22		2,576,633		951,356
Shareholders funds			<u>4,085,883</u>		<u>1,660,606</u>

These financial statements were approved by the board of directors and authorised for issue on ~~16 April 2019~~ and are signed on behalf of the board by:



A M Fox
Director



M J Stewart
Director

Company registration number: 07980955

The notes on pages 13 to 22 form part of these financial statements.

Internet Mobile Communications Limited

Statement of Changes in Equity

Year ended 30 June 2019

		Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 July 2017		345	708,905	383,728	1,092,978
Profit for the year		—	—	676,303	676,303
Total comprehensive income for the year		—	—	676,303	676,303
Dividends paid and payable	12	—	—	(108,675)	(108,675)
Total investments by and distributions to owners		—	—	(108,675)	(108,675)
At 30 June 2018		345	708,905	951,356	1,660,606
Profit for the year		—	—	1,840,327	1,840,327
Total comprehensive income for the year		—	—	1,840,327	1,840,327
Dividends paid and payable	12	—	—	(215,050)	(215,050)
Exercise of options, rights and warrants		50	799,950	—	800,000
Total investments by and distributions to owners		50	799,950	(215,050)	584,950
At 30 June 2019		<u>395</u>	<u>1,508,855</u>	<u>2,576,633</u>	<u>4,085,883</u>

The notes on pages 13 to 22 form part of these financial statements.

Internet Mobile Communications Limited

Statement of Cash Flows

Year ended 30 June 2019

	2019	2018
	£	(restated) £
Cash flows from operating activities		
Profit for the financial year	1,840,327	676,303
<i>Adjustments for:</i>		
Depreciation of tangible assets	6,778	4,291
Amortisation of intangible assets	4,200	4,200
Other interest receivable and similar income	(3,762)	(2,245)
Interest payable and similar expenses	483,592	184,194
Tax on profit	389,375	47,602
Accrued expenses	2,141,317	137,586
<i>Changes in:</i>		
Trade and other debtors	(6,425,042)	(2,402,646)
Trade and other creditors	1,212,533	2,140,352
Cash generated from operations	(350,682)	789,637
Interest paid	(483,592)	(184,194)
Interest received	3,762	2,245
Tax paid	(147,727)	(89,057)
Net cash (used in)/from operating activities	(978,239)	518,631
Cash flows from investing activities		
Purchase of tangible assets	(11,628)	(2,722)
Acquisition of subsidiaries	(14,550)	-
Net cash used in investing activities	(26,178)	(2,722)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	800,000	-
Proceeds from borrowings	2,060,677	4,442
Repayments of borrowings	(1,969,277)	-
Dividends paid	(215,050)	(108,675)
Net cash from/(used in) financing activities	676,350	(104,233)
Net (decrease)/increase in cash and cash equivalents	(328,067)	411,676
Cash and cash equivalents at beginning of year	886,652	474,976
Cash and cash equivalents at end of year	558,585	886,652

The notes on pages 13 to 22 form part of these financial statements.

Internet Mobile Communications Limited

Notes to the Financial Statements

Year ended 30 June 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Hurst House, 131-133 New London Road, Chelmsford, CM2 0QT.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 402 of the Companies Act 2006 on the basis that its subsidiaries are excluded from consolidation on the grounds that their inclusion is not material for the purpose of giving a true and fair view.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered.

Revenue from the provision of airtime and SMS is recognised when it is matched with a supplier of the service, and the billing period occurs in the period of the financial statements.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Internet Mobile Communications Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

3. Accounting policies *(continued)*

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Trademarks and patents are recorded at cost and amortisation over five years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Trademarks & patents - 5 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Equipment - 25% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Internet Mobile Communications Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Financial instruments

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 entity after deducting all of its financial liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2019	2018 <i>(restated)</i>
	£	£
Rendering of services	<u>62,422,678</u>	<u>22,279,246</u>

An analysis of turnover by geographical area is given below:

	2019	2019
	£	£
United Kingdom	27,459,831	6,397,426
European Union	222,501	233,556
Rest of the World	<u>34,740,346</u>	<u>15,648,264</u>
	<u>62,422,678</u>	<u>22,279,246</u>

Internet Mobile Communications Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

5. Operating profit

Operating profit or loss is stated after charging:

	2019	2018 <i>(restated)</i>
	£	£
Amortisation of intangible assets	4,200	4,200
Depreciation of tangible assets	6,778	4,291
Impairment of trade debtors	172,741	—
Foreign exchange differences	<u>70,516</u>	<u>173,448</u>

6. Auditor's remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	<u>20,000</u>	<u>—</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019	2018
	No.	No.
Administrative staff	<u>9</u>	<u>5</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	319,070	165,531
Social security costs	30,007	13,787
Other pension costs	<u>4,496</u>	<u>1,142</u>
	<u>353,573</u>	<u>180,460</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	86,000	70,438
Company contributions to defined contribution pension plans	<u>1,462</u>	<u>455</u>
	<u>87,462</u>	<u>70,893</u>

Internet Mobile Communications Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

8. Directors' remuneration *(continued)*

The number of directors who accrued benefits under company pension plans was as follows:

	2019	2018
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

9. Other interest receivable and similar income

	2019	2018
	£	£
Interest on cash and cash equivalents	<u>3,762</u>	<u>2,245</u>

10. Interest payable and similar expenses

	2019	2018
	£	£
Other interest payable and similar charges	<u>483,592</u>	<u>184,194</u>

11. Tax on profit

Major components of tax expense

	2019	2018
	£	<i>(restated)</i>
	£	£
Current tax:		
UK current tax expense	435,443	49,899
Adjustments in respect of prior periods	<u>(46,068)</u>	<u>(2,025)</u>
Total current tax	<u>389,375</u>	<u>47,874</u>
Tax on profit	<u>389,375</u>	<u>47,874</u>

Internet Mobile Communications Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

11. Tax on profit (continued)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019	2018 (restated)
	£	£
Profit on ordinary activities before taxation	2,229,702	724,177
Profit on ordinary activities by rate of tax	423,644	66,344
Adjustment to tax charge in respect of prior periods	(46,068)	(2,025)
Effect of expenses not deductible for tax purposes	11,925	2,555
Effect of capital allowances and depreciation	(126)	(1,096)
Other tax adjustment to increase/(decrease) tax liability	—	(17,904)
Tax on profit	<u>389,375</u>	<u>47,874</u>

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019	2018
	£	£
Dividends on equity shares	<u>215,050</u>	<u>108,675</u>

13. Intangible assets

	Patents, trademarks and licences £
Cost	
At 1 July 2018 and 30 June 2019	<u>21,000</u>
Amortisation	
At 1 July 2018	12,600
Charge for the year	4,200
At 30 June 2019	<u>16,800</u>
Carrying amount	
At 30 June 2019	<u>4,200</u>
At 30 June 2018	<u>8,400</u>

Internet Mobile Communications Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

14. Tangible assets

	Equipment £	Total £
Cost		
At 1 July 2018	20,738	20,738
Additions	11,628	11,628
At 30 June 2019	<u>32,366</u>	<u>32,366</u>
Depreciation		
At 1 July 2018	9,903	9,903
Charge for the year	6,778	6,778
At 30 June 2019	<u>16,681</u>	<u>16,681</u>
Carrying amount		
At 30 June 2019	<u>15,685</u>	<u>15,685</u>
At 30 June 2018	<u>10,835</u>	<u>10,835</u>

15. Investments

	Shares in group undertakings £
Cost	
At 1 July 2018	—
Additions	14,550
At 30 June 2019	<u>14,550</u>
Impairment	
At 1 July 2018 and 30 June 2019	<u>—</u>
Carrying amount	
At 30 June 2019	<u>14,550</u>
At 30 June 2018	<u>—</u>

During the year the company acquired shares in three group companies, Internet Mobile Communications Chile SpA (based in Chile), Internet Mobile Communications SRL (based in Moldova) and Internet Mobile Communications Malta Limited (based in Malta). These companies are wholly owned subsidiaries of Internet Mobile Communications Limited.

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 402 of the Companies Act 2006 on the basis that its subsidiaries are excluded from consolidation on the grounds that their inclusion is not material for the purpose of giving a true and fair view.

The accounts of Internet Mobile Communications Chile SpA accounts were audited for the year. The accounts of Internet Mobile Communications Malta Ltd were not audited as they were deemed not material to the group. Internet Mobile Communications SRL (Moldova) has been closed post year-end.

Internet Mobile Communications Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

15. Investments *(continued)*

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
Internet Mobile Communications Chile SPA	Ordinary	100
Internet Mobile Communications SRL	Ordinary	100
Internet Mobile Communications Malta Limited	Ordinary	100

The results and capital and reserves for the year are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2019	2018	2019	2018
	£	£	£	£
Subsidiary undertakings				
Internet Mobile Communications Chile SPA	(104,486)	—	(104,486)	—
Internet Mobile Communications SRL	(13,479)	—	(13,479)	—
Internet Mobile Communications Malta Limited	2,650	—	2,650	—
	<u>2,650</u>	<u>—</u>	<u>2,650</u>	<u>—</u>

16. Debtors

	2019	2018 <i>(restated)</i>
	£	£
Trade debtors	8,486,048	3,961,855
Amounts owed by group undertakings	92,662	—
Prepayments and accrued income	1,549,880	—
Other debtors	504,849	246,542
	<u>10,633,439</u>	<u>4,208,397</u>

17. Creditors: amounts falling due within one year

	2019	2018 <i>(restated)</i>
	£	£
Trade creditors	363,629	380,622
Accruals and deferred income	2,348,231	206,914
Corporation tax	289,522	47,874
Social security and other taxes	—	9,730
Director loan accounts	95,842	4,442
Other creditors	1,747,034	356,106
	<u>4,844,258</u>	<u>1,005,688</u>

Internet Mobile Communications Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

18. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other creditors	<u>2,296,318</u>	<u>2,447,990</u>

Within creditors falling due after more than one year are balances owed to Chun Yan Shao and Wen Lei Sun of £200,000 each by way of directors loans. Interest of 3% is charged per annum.

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £3,034 (2018: £687).

20. Prior period restatement

The comparative figures have been restated to correct the debtor and creditor balances as at 30 June 2018. As a result, trade debtors have been reduced by £531,952, trade creditors have been increased by £58,134, and the corporation tax liability has been reduced by £112,116. The brought forward profit or loss reserve as at 1 July 2018 has therefore been reduced by £477,970. The comparative figures have also been restated to correct the brought forward debtor balances as at 1 July 2017, which has resulted in the profit for 2018 being increased by £375,000 and the brought forward profit or loss reserve as at 1 July 2017 being reduced by £375,000.

21. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £0.00001 each	<u>39,500,000</u>	<u>395</u>	<u>34,500,000</u>	<u>345</u>

Share movements

	No.	£
Ordinary		
At 1 July 2018	34,500,000	345
Issue of shares	<u>5,000,000</u>	<u>65</u>
At 30 June 2019	<u>39,500,000</u>	<u>410</u>

The number of shares outstanding at the year-end date for all other classes of shares is consistent with the prior year.

Internet Mobile Communications Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

21. Called up share capital *(continued)*

In 2017 the company raised £800,000 and issued Warrants to lenders enabling them to acquire new ordinary shares in the amount of their investment at a price of £160 per £0.01 share until 31 December 2018 using either loan notes or cash to exercise the Warrants. Following the share split the strike price became £0.16 per £0.00001 ordinary share. There were 5,000,000 ordinary shares issued during the year in respect of these Warrants.

In the first half of 2019 the company raised a further £584,000 in a similar way whereby lenders could acquire new ordinary shares, in total up to 730,000 of them, in the amount of their investment at a price of £0.80 until 31 December 2020. These loans are included within other creditors.

22. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

23. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	<u>8,650</u>	<u>9,513</u>

24. Related party transactions

During the year directors supplied telecoms consultancy services totalling £19,129 (2018: £37,649) to the company.

At the year end the company owed directors £507,209 (2018: £404,442). £432,000 of this relates to loans that are included within other creditors in note 17 and 18 and interest of 3% per annum is payable on these loans.

During the year the company was supplied consultancy services of £300,251 (2018: £21,000) by various related parties.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £120,087 (2018: £106,287).

Internet Mobile Communications Limited

Management Information

Year ended 30 June 2019

The following pages do not form part of the financial statements.

Internet Mobile Communications Limited

Detailed Income Statement

Year ended 30 June 2019

	2019	2018 (restated)
	£	£
Turnover	62,422,678	22,279,246
Cost of sales		
Cost of calls, telephone numbers and minutes	58,213,696	20,491,686
Intercompany management fees	89,104	—
	<u>58,302,800</u>	<u>20,491,686</u>
Gross profit	<u>4,119,878</u>	<u>1,787,560</u>
Overheads		
Administrative expenses		
Rent and rates	26,616	18,285
Insurance	71,660	32,415
Repairs and renewals	1,942	2,687
Cleaning costs	75	—
Wages and salaries	233,070	95,093
Employers national insurance contributions	21,648	5,948
Staff pension contributions	3,034	687
Travel and subsistence	42,021	34,066
Vehicle leasing charges	8,391	4,722
Telephone	27,511	15,711
Network services and software development	—	22,568
Research and development	—	81,362
Computers and software	75,079	12,348
Printing postage and stationery	1,492	2,964
Staff training	2,320	—
Sundry expenses	5,225	106
Subscriptions	1,994	—
Marketing and patents	97,899	35,344
Entertaining	2,752	7,587
Provision for doubtful debts	172,741	—
Bank charges	(2,905)	4,008
Foreign currency gains/losses	70,516	173,448
Executive and employee profit share	135,000	84,575
Legal and professional fees	17,264	11,151
Commission payable	—	44,000
Consultancy fees	244,699	80,661
Accountancy fees	23,503	24,475
Auditors remuneration	20,000	—
Directors salaries	86,000	70,438
Directors national insurance contributions	8,359	7,839
Directors pension contributions	1,462	455
Amortisation of intangible assets	4,200	4,200
Depreciation of tangible assets	6,778	4,291
	<u>1,410,346</u>	<u>881,434</u>

Internet Mobile Communications Limited

Detailed Income Statement *(continued)*

Year ended 30 June 2019

	2019	2018
	£	<i>(restated)</i> £
Operating profit	2,709,532	906,126
Other interest receivable and similar income	3,762	2,245
Interest payable and similar expenses	(483,592)	(184,194)
Profit before taxation	<u>2,229,702</u>	<u>724,177</u>

Internet Mobile Communications Limited

Notes to the Detailed Income Statement

Year ended 30 June 2019

	2019	2018 <i>(restated)</i>
	£	£
Other interest receivable and similar income		
Interest on cash and cash equivalents	<u>3,762</u>	<u>2,245</u>
Interest payable and similar expenses		
Other interest payable and similar charges	<u>483,592</u>	<u>184,194</u>