NTT United Kingdom Limited

Annual Report & Audited Financial Statements

Registered Number: 1505004
31 March 2023

Contents

Strategic Report

Principal Activities
The company's principal activities are network integration, converged communications, network security, data centre and end user computing. These traditional activities continually evolve to address market trends and deliver client business value through provision of technology, professional services, support services, IT-as-a-Service (ITaaS) and managed services.

There have not been any significant changes in the company's principal activities in the period. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the foreseeable future.

Business Performance Indicators
The Board uses various financial measures to assess the financial position and overall performance of its business. These include revenue and gross profit growth, gross margin, operating profit growth, operating margin, fixed and variable overhead costs.

The Company focuses on various key performance indicators, including:

Key Performance Indicator	2023 £'000	2022 £'000	Growth %
Revenue	223,450	242,514	-8%
Gross Profit	34,498	63,438	-46%
Gross Margin	15%	26%	-11%
Operating Profit/(Loss)	(16,198)	(4,453)	264%
Operating Margin	-7.2%	-1.8%	-5.4%

Business Review
The directors are satisfied that the financial statements give a fair review of the business of the company for the financial period and of its position at 31 March 2023.

The company's sales declined to £223 million in the year compared to £243 million in the prior year.

Gross profit for the year was £34 million, a decrease of 46% compared to the prior year's reported results. The company continued to experience pressure on its hardware business margins as network solutions continue to become software based and associated hardware rebates declined.

Operating loss for the year was £16 million (2022: £4 million loss). Growth figures have been affected by restructuring and fixed overheads relating to licenses. This loss was impacted by legacy transactions inherited by NTT United Kingdom Limited following the integration with NTTE (UK) in April 2021.

The company's financial position reduced year-on-year to £12 million net current liability (2022: £60 million net current asset), due to an increase in short-term creditors and a classification adjustment relating to the loan from NTT Limited.

Current assets increased compared to prior year, £172 million (2022: £161 million), due to an increase in debtors during the year, coupled with a reduction in cash.

Shareholders' funds reduced to £7 million from £29 million in the prior year, as result of the loss during the period.

Financial Risk Management Objectives & Policies
The company's activities expose it to several financial risks including credit risk, supplier risk, currency risk, liquidity risk and other risk considerations.

Credit Risk
The company's principal financial assets are cash and bank balances, trade and other debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over many counterparties and customers.

Strategic Report *(Continued)*

Supplier Risk
The company has close and mutually beneficial partnerships with leading technology vendors. Termination of a supply or services agreement or a significant change in vendor terms or conditions of sale could negatively impact operating margins. This risk is managed by proactively maintaining sustainable terms of trade with partners and ensuring appropriate back-to-back commercial terms are in place with clients on a transactional basis.

Currency Risk
The company's sales and purchases are primarily in Great British Pounds; however the company often transacts in US dollars and it is therefore exposed to the movement in the Dollar to Pound exchange rate. The company manages this risk by either using forward exchange contracts to hedge the exposure or adjusts the price charged to the clients to take account of exchange rate fluctuations.

Liquidity Risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses intra-group finances and has access to a bank overdraft facility. The credit risk on liquid funds is limited because the counterparties are banks.

Other Risks

Professional liability for failure to execute and deliver in accordance with client expectations may increase the risk of litigation. The company manages this risk by monitoring processes to ensure quality in delivery and project management. The company also carries general liability insurance coverage.

Failure to retain and recruit key personnel could harm the company's ability to meet key objectives. The company has implemented structured induction, career development, reward and recognition programmes.

Section 172 Companies Act 2006

This statement sets out how the directors have approached and met their responsibilities under section 172, Companies Act (2006). Directors have undertaken regular engagement with stakeholders, including employees, suppliers, customers, leaseholders, Parent company etc. in good faith, and in a manner that would most likely promote the success of the company as a whole.

The directors have focused on ensuring that the company continues to operate within strict budgetary controls and per our quality and regulatory standards. They review detailed reports on a monthly basis regarding the financial results and performance.

The directors recognise that engagement with suppliers, customers and other third parties are a fundamental part of achieving strong and sustainable results. The directors have ensured that the management team assigns key contacts to build close working relationships.

By order of the board;

1 King William Street
London
United Kingdom
EC4N 7AR

DocuSigned by:
Steve Brown
C25846C15A85413...
Steven Brown
Director

Date 03 May 2024

Directors' Report

The directors present their directors' report and financial statements for the year ended 31 March 2023.

Proposed Dividend
The directors do not recommend the payment of a dividend (*2022: £nil*).

Directors
The directors who held office during the period and up to the date of this report were as follows:

David Wilcox – resigned 30 September 2022
Vanessa Addo-Antoine – resigned 30 September 2022
Vivek Daga – appointed 26 September 2022
Steven Brown – appointed 26 September 2022

Clare Homer – resigned 1 July 2023
Miriam Murphy– appointed 1 July 2023

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

In determining whether it is appropriate to continue to adopt going concern basis, the Directors have considered the following factors:
1. The company's balance sheet position.
2. Funding and support provided by the company's parent company.
3. Extent to which the company relies on external debt.

Further details regarding the adoption of the going concern basis can be found in note 2.4 on page 17 of these financial statements.

Engagement with suppliers, customers and others
The company aims to maintain strong and sustainable working relationships with all third parties it deals with as a matter of good business practice and to meet its strategic objectives. The company manages its customer relationships through its dedicated client management structure. This includes obtaining regular feedback to ensure services are meeting the requirements and expectations of its customers and to identify opportunities for improvement and areas where they require additional support.

The company manages relations with suppliers according to the procurement and supply chain policies, developed ensuring compliance with relevant laws and regulations in all jurisdictions within which the company operates. The company aims to maintain fair terms with all its suppliers, while ensuring it is obtaining sufficient value in a sustainable manner, which supports its strategic objectives.

Directors' indemnities
NTT Limited maintains liability insurance for the benefit of the Directors and Officers of the company, which was in force during the financial year and at the time of approval of this report. The liability insurance includes an indemnity for the company's Directors and Officers, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

Directors' Report *(Continued)*

Greenhouse gas emissions and energy consumption
To comply with SECR, the company discloses greenhouse gas emissions and energy consumption, per the below:

Emissions source	2023 *tonnes CO_2e*	2022 *tonnes CO_2e*	YoY movement %
Emissions resulting from activities for which the company is responsible, involving in the combustion of gas, for its own use	9	132	-93%
Emissions resulting from the purchase of electricity by the company, for its own use, including for the purpose of transport	215	291	-26%
Emissions resulting from activities for which the company is responsible, involving the consumption of fuel, for the purpose of transport	2	47	-96%
Total emissions	**226**	**470**	**-52%**

The reduction in emissions noted above reflects the company's proactive efforts to minimise its environmental impact and promote sustainable practices. This highlights the company's commitment to reducing greenhouse gas emissions across multiple areas of its operations.

Significant Events
There have been no significant events during the period.

Subsequent Events
There were no material subsequent events that require to be adjusted or disclosed in the financial statements.

Future developments
The company notes future developments and strategic focus areas below:

- Continue to leverage global business services transformation and adoption
- Utilise growth in Cloud Services to drive improvement in revenue
- Focus on streamlining legacy/unprofitable accounts to drive gross margin enhancement
- Optimise selling and general administration expenditure to improve net profit
- Deliver an enhanced employee experience and foster a One NTT Data culture, with the global integration aspirations of NTT Limited and NTT Data

Disabled Employees
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employment Policy
NTT United Kingdom Limited seeks to engage all employees in a shared commitment to the success of its business and keeps them informed regarding the business environment and matters of concern to them. The company adopts NTT Limited's Group Reward and Performance Policy, which includes performance-related short-term (bonuses) and long-term incentives (equity), to encourage the participation of employees in the success of the group.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company. This is achieved through formal and informal meetings, and internal marketing communications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, certain employees receive an annual bonus related to the overall profitability of the group.

Directors' Report *(Continued)*

Political Contributions
There have been no political contributions during the period (*2022: £nil*).

Disclosure of Information to Auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. Furthermore, pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board;

1 King William Street
London
United Kingdom
EC4N 7AR

DocuSigned by:
Steve Brown
C25846C15A85413...
Steven Brown
Director

Date 03 May 2024

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*

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:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
4. assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
5. use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT UNITED KINGDOM LIMITED

Opinion

We have audited the financial statements of NTT United Kingdom Limited ("the Company") for the year ended 31 March 2023 which comprise the Profit and loss account and other comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:
- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT UNITED KINGDOM LIMITED (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management or individuals who typically do not post journal entries, those posted to unusual accounts, and those containing high risk key words in their description.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias, including assessing revenue recognised at the period end related to professional services.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and certain aspects of company legislation, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 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 fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT UNITED KINGDOM LIMITED (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT UNITED KINGDOM LIMITED (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

DocuSigned by:

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Alex Beard (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London E14 5GL
03 May 2024

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Revenue	3	**223,450**	242,514
Cost of sales		**(188,952)**	(179,076)
Gross Profit		**34,498**	63,438
Administrative Expenses		**(46,414)**	(67,788)
Impairment loss on trade and other receivables		**(4,282)**	(103)
Operating Loss	4	**(16,198)**	(4,453)
Interest received and similar income	5	**721**	147
Interest paid and similar charges	6	**(2,712)**	(1,315)
Loss before Taxation		**(18,189)**	(5,621)
Tax credit/(charge) on profit on ordinary activities	9	**-**	(8,554)
Loss for the Period		**(18,189)**	(14,175)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Foreign exchange difference on translation of foreign operations		**17**	(114)
Employee benefits	8	**(3,563)**	(1,143)
Tax credit/(charge) on other comprehensive income	15	**-**	(307)
Other Comprehensive Income of the Period, Net of Income Tax		**(3,546)**	(1,564)
Total Comprehensive Loss for the Period		**(21,735)**	(15,739)

All the company's activities for the current and the preceding periods are derived from continuing activities.

The notes on pages 16 to 33 form part of these financial statements.

Statement of Financial Position

As at 31 March 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Non-Current Assets:					
Tangible fixed assets	10		5,568		7,009
Right-of-use assets	11		4,937		15,375
Intangible assets	12		1		52
Net defined benefit asset	8		-		1,721
Long-term debtors	14		18,274		12,056
			28,780		36,213
Current Assets:					
Inventories	13	4,389		3,140	
Debtors	14	142,571		123,180	
Cash and cash equivalents	20	25,255		34,498	
		172,215		160,818	
Creditors: Amounts Falling due Within One Year	16	(184,470)		(100,308)	
Net Current Assets / (Liabilities)			(12,255)		60,510
Total Assets less Current Liabilities			16,525		96,723
Non-Current Liabilities:					
Net defined benefit liability	8	(1,275)		-	
Dilapidation provision	17	(1,502)		(1,502)	
			(2,777)		(1,502)
Creditors: Amounts falling due After One Year	16		(5,962)		(66,175)
Net Assets			7,786		29,046
Capital & Reserves:					
Called-up share capital	18		1		1
Share premium account	18		23,381		23,381
Capital reserves	18		(3,147)		(3,284)
Other reserves	18		(1,133)		2,430
Profit and loss account	18		(11,316)		6,518
Shareholders' Funds			7,786		29,046

The notes on pages 16 to 33 form part of these financial statements.

These financial statements were approved by the board of directors on 03 May 2024 and were signed on its behalf by:

DocuSigned by:
Steve Brown
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Steven Brown
Director

Company Registered Number: 1505004

Statement of Changes in Equity
For the year ended 31 March 2023

	Notes	Share Capital £'000	Share Premium £'000	Capital Reserves £'000	Other Reserves £'000	Profit & Loss Account £'000	Total Equity £'000
At 31 March 2021		**1**	**23,381**	**(5,207)**	**1,480**	**20,693**	**40,348**
Loss for the period		-	-	-	-	(14,175)	(14,175)
Actuarial gain / (loss)	8	-	-	-	405	-	405
Deferred tax (credit) / charge		-	-	-	(307)	-	(307)
Foreign exchange difference on translation of foreign operations		-	-	-	114	-	114
Capital Reserves from NTTE (UAE)		-	-	2,083	-		2,083
Capital Reserves from NTTE (UK)		-	-	(160)	-	-	(160)
Share-based payment		-	-	-	738	-	738
At 31 March 2022		**1**	**23,381**	**(3,284)**	**2,430**	**6,518**	**29,046**
Loss for the period		-	-	-	-	(18,189)	(18,189)
Capital contribution	11	-	-	-	-	355	355
Actuarial gain / (loss)	8	-	-	-	(3,176)	-	(3,176)
Deferred tax (credit) / charge		-	-	-	-	-	-
Foreign exchange difference on translation of foreign operations		-	-	17	-	-	17
Capital Reserves movement from NTTE (UAE)		-	-	120	-	-	120
Share-based payment		-	-	-	(387)	-	(387)
At 31 March 2023		**1**	**23,381**	**(3,147)**	**(1,133)**	**(11,316)**	**7,786**

The notes on pages 16 to 33 form part of these financial statements.

Notes

The accompanying notes forming part of the financial statements

1. Company Information

NTT United Kingdom Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in the United Kingdom. The registered number is 1505004 and the registered address is 1 King William Street, London, EC4N 7AR, United Kingdom.

The functional and presentation currency of the Company is Great British Pounds (GBP).

2. Accounting Policies

2.1. Basis of preparation of financial statements

The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where the advantage of FRS 101 disclosure exemptions have been taken.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Refer to note 2.20 for further information.

The company prepared the financial statements on the going concern basis on the premise that the company is in a net total asset position. Further, the option to utilise cash-pooling facilities managed by NTT Limited Group Treasury, while the ability exists, was not exercised and given the company does not rely on external debt suggests the appropriate nature of the basis. Refer to note 2.4 for further information on Going Concern.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of Nippon Telegraph and Telephone Corporation, a company incorporated in Japan, the ultimate parent of the Company. The consolidated financial statements of Nippon Telegraph and Telephone Corporation are prepared in accordance with the International Financial Reporting Standards and are available to the public. They may be obtained from Otemachi First Square, East Tower, 5-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo 100-8116, Japan.

2.2. Financial Reporting Standard 101 – reduced disclosure exemptions

In preparing the financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Certain disclosure regarding share-based payments;
- Comparative period reconciliations for, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of compensation of key management personnel;
- The effects of new but not yet effective IFRSs;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes *(Continued)*

2.3. Measurement convention
The financial statements are prepared on the historical cost basis except for pension assets arising from the defined benefit scheme, which are measured at fair value.

2.4. Going Concern
As shown in the company's profit and loss account, the company's gross profit for the period was £34 million, a decline of 46% against the previous reporting period. Net asset value at balance sheet date was £7 million versus £29 million in the previous reporting period. Operating loss increased in the period to £16 million.

The Company has sufficient liquid funds available to meet its day to day working capital requirements. Furthermore, support is provided by NTT Limited whereby it is the intention of NTT Limited not to demand payment of the loan to the Company for at least 24 months from the date of 24 April 2024 and to take all reasonable necessary means to support the Company to continue to trade without a significant curtailment of activities.

The Company has assessed the principal risks, loss making position and other matters at the date of approval of the financial statements. In doing so management considered the company's performance, taking account of reasonably possible downsides (including changes in trading activities, deterioration in collection of receivables, significant contract loss).

Based on the above the directors consider that the company should be able to meet its liabilities as and when they fall due and will have adequate resources to continue in operational existence for the foreseeable future.

2.5. Revenue
Revenue comprises the fair value of the consideration received or recoverable for services rendered in the ordinary course of the Company's activities. These activities include the provision of a range of IT consulting, development and infrastructure services, as well as managed IT services. Furthermore, revenue is generated through the sale of hardware and software, often made in conjunction with larger service contracts. Revenue is presented net of value added tax, rebates and discounts.

The Company recognise revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Company's activities described below. The Company bases its estimates on historical results, taking into account consideration the type of client, transaction, and the specifics of each arrangement.

The Company enters into multiple-element arrangements which may include any combination of hardware, consulting and technical services and subsequent support services. In these transactions the company allocates the total revenue to be earned among the various elements based on their relative fair value. Revenue is then recognised on each element as set out below.

Revenue from the sale of hardware and software is recognised once control of the goods and services have been transferred to the customer, including associated integration services if they form part of the delivery of the performance obligations to which the hardware and software relates.

For fixed price consulting or technical service contracts, revenue is recognised by reference to the percentage of completion of the contract activity. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

Notes *(Continued)*

Maintenance and support services revenue is recognised over the relevant contract periods. Consideration for maintenance contracts paid in advance by customers is recognised as 'contract liabilities' in the balance sheet. Revenue relating to these maintenance contracts is recognised on a straight-line basis over the relevant period of the contract.

Vendor Branded Resale (VBR) is where contracts with customers are established using third-parties to deliver the goods and services require to satisfy performance obligations. Where conditions are met such that the Company is determined to be acting as an agent on behalf of the third-party, then the transaction price will be measured base on the agreed price to the end customer, less directs costs from the principal contracting party.

Deferred revenue represents the estimated unearned portion of fees receivable or receivable to the extent they are considered recoverable, which is recognised as a liability in the balance sheet. Accrued income represents revenue recognised on a contract in excess of fees received, or receivable for services performed under contracts with customers but not yet billed, which are recognised as an asset on the balance sheet.

Timing of payment from customers for satisfaction of performance obligations depends on individual customer agreements and terms within each contract. Typically, time and materials contracts will be billed a month in arrears, while fixed price contracts will be billed based on set milestones within each contract. Payment from customer will then be made in accordance with their payment terms.

Some contracts with customers may have warranty, service credit or defect provisions which may require a refund or credit to be provided or additional remedial work where agreed-upon specifications or service levels are not met. In such cases, these are not accounted for as separate performance obligations under IFRS 15 but may be either provided for within estimated project costs to complete of an existing performance obligation under project or separate provisions in accordance with IAS 37

2.6. Property and Equipment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets.

The estimated useful lives are as follows:

Leasehold Improvements	10 years
Computer Equipment	3-5 years
Fixtures & Fittings	3-7 years

Residual value is calculated on prices prevailing at the date of acquisition. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.7. Leases

The right-of-use assets are measured at cost, which is made up of the lease liability, any initial direct costs incurred by the company, an estimate of costs the dismantle and remove the asset at end of the lease and any lease payments made in advance of lease commencement date (net of any incentive received).

The company depreciates the right-of -use assets on a straight-line basis from adoption date to earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assess the right-of-use asset for impairment when such indicators exist.

At the transition date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. The incremental borrowing rate used for the new leases is 5.16% (2022: 2.46%).

Notes *(Continued)*

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2.8. Finance Costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

2.9. Bank Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.10. Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The company uses derivative financial instruments (primarily foreign currency forward contracts) to reduce exposure to foreign exchange movements. The company does not hold or issue derivative financial instruments for speculative purposes.

2.11. Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurement arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

Notes *(Continued)*

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Share-Based Payments
Instruments are issued to certain employees under a Long-Term Incentive Plan (LTIP) scheme and vest if participants remain in the employment of the Group for a defined service period and specific performance conditions are met.

Awards of the ultimate parent company's equity instruments, for the which the ultimate parent company has the obligation to settle, are accounted for as equity-settled and are measured at fair value at the date of grant. The fair value determined at the grant date is recognised as an expense on a straight-line basis over the vesting period.

2.12. Stocks
Stocks are stated at the lower of cost and net realisable value. Net realisable value is estimated by making appropriate provision against the cost of stocks to reflect changes in market technology and the expected duration of the relevant maintenance contracts that the Company is required to support.

2.13. Taxation
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.
- Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

2.14. Provisions
A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material provisions are discounted.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

Notes *(Continued)*

2.15. Financial instruments

(a) Financial assets

Initial recognition and measurement
Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement
Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. Debt instruments classified as amortised cost, financial assets are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition
A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement
Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement
After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.16. Intangible assets

Intangible assets represent fair value of identifiable assets purchased and represent software licences which are amortised over their useful life of 3-5 years.

Notes *(Continued)*

2.17. Impairment of Financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.18. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.19. Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

2.20. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts represented in the financial statements and related disclosures. Use of available information, historical experience and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in the which the estimates are revised, and in any future period affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include:

Revenue

Revenue for contracts based on the percentage of completion method, is recognised as a product of the project contract value relative to the percentage of actual contract costs incurred over the estimated total project costs to complete. The estimated total project costs are based on management's best estimate and is subject to continuous assessment.

Expected credit losses

The loss allowance based on lifetime expected credit losses is based on management's best estimate and is subject to continuous assessment.

Notes *(Continued)*

3. Revenue

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2023	2022
	£'000	£'000
Disaggregation by revenue stream:		
Managed & Technology services revenue	**133,839**	148,823
Product revenue	**52,837**	54,353
Professional services revenue	**27,823**	33,535
Agency revenue	**8,951**	5,803
	223,450	242,514

	2023	2022
	£'000	£'000
Disaggregation by geographical market:		
United Kingdom	**157,481**	157,754
Europe	**3,726**	2,366
Rest of World	**62,243**	82,394
	223,450	242,514

The following information is provided for contract balances:

	£'000
Amount of revenue recognised in the current period that was included in the deferred income balance at the beginning of the period	18,975

Deferred income represents unearned maintenance income on service and support contracts. The company recognises service revenue over the period of service delivery as defined by each contract. Deferred income recognised at the end of the year represents further prepayments from customers for maintenance income to be earned.

Notes *(Continued)*

4. Operating Loss & Auditor's Remuneration

	2023 £'000	2022 £'000
Included in Operating Loss are the following:		
Depreciation of tangible fixed assets	**3,828**	9,929
Depreciation of intangible fixed assets	**51**	373
Depreciation right-of-use assets	**4,051**	3,433
(Gain) / Loss arising on foreign currency transactions	**1,729**	121
Auditor's Remuneration:		
Audit of these financial statements	**460**	232
	460	232

No other services were provided by the auditor during the period.

5. Interest Received & Similar Income

	2023 £'000	2022 £'000
Bank and other interest received	**721**	147
	721	147

6. Interest Paid & Similar Charges

	2023 £'000	2022 £'000
Bank interest paid	**399**	209
Interest paid on lease liabilities	**308**	372
Other Interest	**2,005**	734
	2,712	1,315

7. Information on Directors & Employees

	2023 £'000	2022 £'000
Staff Costs (including Directors)		
Wages and salaries (including commissions)	**33,047**	40,287
Social security costs	**3,988**	4,361
Pension Costs	**1,360**	3,096
Share-based payment expense	**1,614**	1,353
Redundancy costs	**66**	976
	40,075	50,073

Notes *(Continued)*

The average number of persons employed (including directors) by the company during the year was made up as follows:

	2023	2022
Employees:		
Sales and marketing	**104**	104
Network design, installation, service and support	**276**	270
Operations, procurement and warehousing	**93**	142
Management and administration	**68**	83
	541	599

	2023 £'000	2022 £'000
Directors' Emoluments:		
Salary and benefits	**974**	718
Value of shares under long-term incentive schemes	**513**	122
Contributions to money purchase pensions scheme	**58**	30
	1,545	870
Number of Directors of whom exercised share options during the year	**5**	2
Number of Directors of whom retirement benefit accrued under a money purchase scheme	**4**	4
Emoluments in respect of highest paid Director:		
Salary and benefits	**382**	272
Value of shares under long-term incentive schemes	**197**	48
Contributions to money purchase pensions scheme	**25**	49
	604	369

The highest paid Director exercised share options, received under the long-term incentive scheme.

The Directors are also Directors of other companies in the group.

The increase in number of Directors during the year contributed to the increase in salary and benefits. Further, value of shares under long-term incentive schemes increased due to the early settlement of incentives following Director resignations during the year.

Notes *(Continued)*

8. Employee Benefits

Defined Benefit Plans

	2023 £'000	2022 £'000
Change in benefit obligation:		
Benefit obligation at the beginning of period	13,089	13,613
Current service cost	-	-
Past service cost	-	-
(Gain) / loss on settlements	-	-
Interest cost	364	299
Actuarial loss/(gain) (remeasurement)	(4,630)	(620)
Benefits paid	(186)	(203)
Benefit obligation at End of Period	8,637	13,089
Change in Plan Assets:		
Fair value of plan assets at the beginning of period	14,810	14,780
Expected return on plan assets	414	325
Actuarial gain/(loss)	(7,806)	(215)
Employer contribution	128	123
Benefits paid	(184)	(203)
Fair Value of Plan Assets at end of Period	7,362	14,810
Funded status	(1,275)	1,721
Effect of asset ceiling/onerous liability	-	-
Net Amount Recognised	(1,275)	1,721
Composition of Plan Asset Fair Values:		
Equities	2,405	5,946
Cash	68	32
Index linked gilts	2,609	2,114
Corporate bonds	2,280	6,718
Total	7,362	14,810
Significant Actuarial Assumptions:	%	%
Discount rate	4.9	2.8
Rate of compensation increase	N/A	N/A
Rate of increase of pension in payment	2.85	3.0
Rate of increase of pension in deferment	2.7	3.6
Inflation	2.7	3.6
Life expectation for pensioners at the age of 65 Years		
Male pensioner aged 65	22	22
Male non-pensioner aged 45	23.4	23.4
Female pensioner aged 65	24.4	24.3
Female non-pensioner aged 45	25.9	25.7

Notes *(Continued)*

	2023 £'000	2022 £'000
Sensitivity analysis		
Present value of defined benefit obligation		
Discount rate - 25 basis points	**9,008**	13,862
Discount rate + 25 basis points	**8,288**	12,358
Price inflation rate - 25 basis points	**8,296**	12,368
Price inflation rate + 25 basis points	**8,997**	13,849
Mortality assumption - 1 year	**8,890**	13,583
Mortality assumption + 1 year	**8,415**	12,598

Expected cash flows for following year	
Expected employer contributions	**32**
Expected total benefit payments	
Year 1	**169**
Year 2	**209**
Year 3	**274**
Year 4	**306**
Year 5	**346**
Next 5 years	**2,090**

Share-Based Payments

Instruments under a Long-Term Incentive Plan (LTIPs) are issued to certain employees and vest if participants remain in the employment of the Group for a defined service period and specific performance conditions are met.

Equity Settled Long Term Incentive Plans

	2023 £'000	2022 £'000
Opening reserve for equity settled LTIP awards	**2,506**	1,879
Charged to profit or loss	**1,370**	1,432
Settled during the year	**(1,962)**	(805)
Closing reserve for equity settled LTIP awards	**1,914**	2,506

All schemes are equity-settled and are reflected at fair value at the date of grant and expensed on a straight-line basis over the vesting period, subject to the Group's estimate of the proportion of the instruments which will eventually vest. This estimate is performed at each reporting period date.

Award	Grant date fair value per instrument 31 March 2023 Japanese Yen ¥	Grant date fair value per instrument 31 March 2023 Equivalent GBP £	Number of LTIP instruments 31 March 2023 '000
Performance Share Unit 2020	**2,521**	**£15.27**	**52**
Performance Share Unit 2021	**2,726**	**£16.51**	**39**
Performance Share Unit 2022	**3,869**	**£23.44**	**30**

Notes *(Continued)*

9. Tax on Profit on Ordinary Activities

	2023 £'000	2022 £'000
Current Tax		
Current tax on profits for the year	-	-
Adjustment in respect of prior years	-	-
Foreign tax suffered	-	112
Total current tax charge / (credit) for the year	-	112
Deferred Tax		
Current year	-	-
Adjustment in respect of previous periods	-	8,442
Effect of changes in tax rates	-	-
Total deferred tax for the year	-	8,442
Tax (credit)/charge on profits on ordinary activities	-	8,554

The charge for the year can be reconciled to the profit per the income statement as follows:

	2023 £'000	2022 £'000
Profit / (Loss) on ordinary activities before tax	(18,189)	(5,621)
Tax on loss at standard UK tax rate of 19.00%	(3,456)	(1,068)
	(3,456)	(1,068)
Effects of:		
Adjustment in respect of prior years	-	8,442
Expenses not deductible	336	396
Effect of super deduction	(136)	(68)
Effects of overseas tax rates	-	91
Group relief (claimed)/surrendered	-	1,172
Share options	(97)	(184)
Movement of unrecognised deferred tax	3,353	-
Recognition of tax losses previously unrecognised	-	(227)
	3,456	9,622
Total tax charge/(credit) for the period	-	8,554

Notes *(Continued)*

10. Tangible Fixed Assets

	Leasehold Improvement £'000	Computer Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 31 March 2022	3,322	41,092	2,080	46,494
Additions in year	-	2,387	-	2,387
Disposals	-	(214)	-	(214)
At 31 March 2023	3,322	43,265	2,080	48,667
Depreciation				
At 31 March 2022	(1,729)	(35,848)	(1,908)	(39,485)
Charge for the year	(348)	(3,377)	(103)	(3,828)
Disposals	-	214	-	214
At 31 March 2023	(2,077)	(39,011)	(2,011)	(43,099)
Net book value				
At 31 March 2023	**1,245**	**4,254**	**69**	**5,568**
At 31 March 2022	1,593	5,244	172	7,009

11. Right-of-use Asset

	£'000
Cost	
At 31 March 2022	**25,131**
Additions in year	1,076
Revaluation	-
Disposals*	(11,540)
At 31 March 2023	14,667
Depreciation	
At 31 March 2022	(9,756)
Charge for the year	(4,051)
Revaluation	-
Disposals*	4,077
At 31 March 2023	(9,730)
Net book value	
At 31 March 2023	4,937
At 31 March 2022	15,375

*The Company transferred the lease on the King William Street property to NTT Group Services United Kingdom Limited in February 2023, including the related lease liabilities and dilapidation provision, for consideration by way of the capital contribution noted in the Statement of Changes in Equity.

Notes *(Continued)*

12. Intangible Assets (Licences)

	£'000
Cost	
At 31 March 2022	1,739
Additions in year	-
Disposals	-
At 31 March 2023	1,739
Depreciation	
At 31 March 2022	(1,687)
Charge for the year	(51)
Disposals	-
At 31 March 2023	(1,738)
Net book value	
At 31 March 2023	1
At 31 March 2022	52

13. Inventories

	2023 £'000	2022 £'000
Finished goods and goods for resale	3,909	2,408
Maintenance contract stocks	480	732
	4,389	3,140

The cost of the above stock items is not considered to be materially different to the net replacement value.

14. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year		
Trade debtors	74,294	59,595
Accrued revenue	32,180	22,212
Amounts owed by other group companies	18,667	26,432
Other debtors	5,589	2,468
Prepayments*	9,954	10,381
Assets in transit	-	270
Corporation tax recoverable	1,887	1,822
	142,571	123,180

* Prepayments of £10 million as at 31 March 2022 was disclosed separately between prepayments and contract assets. As the Directors consider the nature to be the same, the prepayments and contract assets have been disclosed as a single line item in the current year.

Notes *(Continued)*

Amounts falling due longer than one year

Prepayments	3,007	3,011
Accrued revenue	15,267	9,045
	18,274	12,056

Prepayments represent the payments made to suppliers for support services not yet performed at the reporting date. The company recognises these costs over the period defined by the support contracts.

15. Deferred Tax Asset

	2023 £'000	2022 £'000
Balance at beginning of the year	-	8,748
Adjustment in respect of prior years	-	(8,748)
Deferred tax to Income Statement for the period	-	-
Deferred tax charge in Other Comprehensive Income for the period	-	-
Movement arising from transfer of trade NTTE	-	-
Balance at end of the year	-	-
Unrecognised deferred tax assets arising from the following:		
Fixed assets	8,772	10,849
Temporary differences trading	1,105	878
Tax losses	15,736	7,427
	25,613	19,154

16. Creditors

		2023 £'000	2022 £'000
Amounts falling due within one year			
Trade creditors		20,412	23,929
Amounts owed to group undertakings		13,832	19,612
Bank overdraft	20	18,799	-
Corporation tax		-	-
Other taxation and social security		6,237	2,579
Accruals		15,160	14,732
Financial instruments		91	-
Other creditors		23,414	15,317
Deferred Income		30,263	18,975
Contract liabilities		-	1,322
Lease liabilities		2,479	3,842
Loan notes	19	53,783	-
		184,470	100,308

Accruals include a defined contribution pension scheme accrual of £ 425,930 (2022: £ 275,442).

Notes *(Continued)*

The borrowings at the balance sheet date are unsecured. Intergroup creditors include non-interest-bearing short-term balances.

		2023 £'000	2022 £'000
Amounts falling due after one year			
Lease liabilities		3,318	12,563
Deferred Income		2,404	2,334
Other Creditors		66	66
Contract liabilities		174	164
Loan notes	19	-	51,048
		5,962	66,175

17. Dilapidation Provision

Dilapidation provision relates to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms.

		£'000
At 31 March 2022		1,502
Charged to profit and loss		847
Utilised during the year		-
Disposed during the year	11	(847)
At 31 March 2023		**1,502**
Due within one year or less		-
Due after more than one year		1,502

18. Capital & Reserves

Share Capital

	2023 £'000	2022 £'000
Allotted, called-up and fully paid:		
14,799 ordinary shares of 1p each	1	1

The following describes the nature and purpose of each reserve within equity:

Capital/Reserve	Description and purpose
Called-up share capital	Nominal value of share capital subscribed for.
Share premium account	Amount subscribed for share capital in excess of nominal value.
Capital reserves	Cumulative gains/losses from NTT Europe and NTT United Kingdom – Dubai branch
Other reserves	Cumulative gains/losses arising from Share-based Payments reserve movements, and on the revaluation of the Defined Benefit Pension Scheme.
Profit and loss account	All other net gains/losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Notes *(Continued)*

19. Related party disclosures

Amounts owed to Group companies

	Nature	2023 £'000	2022 £'000
NTT Limited	Loan notes	**53,783**	51,048

Loan notes are accounted for as financial liabilities measured at amortised cost.

£51 million bears interest at LIBOR + 120 bps and is repayable once called upon by NTT Limited.
It is the intention of NTT Limited not to demand payment of the loan to the Company for at least 24 months from the date of 24 April 2024.

As the loan of £51,048,000 as at 31 March 2022, payable to NTT Limited, was repayable on demand, it was inappropriately reported in the prior period as non-current liability. As the directors do not consider the effect on the prior period financial statements to be material, this has not been reclassed to current liability for the prior period.

Other related party transactions

	2023 £'000	2022 £'000
Administrative expenses	**139**	95

Transactions relate to recruitment fees paid upon the engagement of Venus Recruitment, a director thereof is related to a member of key management personnel of NTT United Kingdom Limited. The transactions were made on terms equivalent to those that prevail in arm's length transactions and the engagement is managed via the NTT Global Talent Acquisition Hub.

20. Presentation of Cash and cash equivalents/ Bank overdraft

Cash & Cash Equivalents of £34 million as at 31 March 2022 included an amount of (£6.7 million) of bank overdrafts. The amount was inappropriately presented on a net basis in Cash & Cash Equivalents at 31 March 2022. As the Directors do not consider the effect on the prior period financial statements to be material, such has not been restated for the prior period.

21. Contingent liabilities

The company had corporate unlimited multilateral guarantees active at the reporting date, on which historically there have been no material claims associated. The possibility of outflow is estimated as remote, evidenced by the fact that there have been no material claims in the past. Furthermore, the company has been released from any and all liabilities associated with such guarantees in December 2023.

22. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Nippon Telegraph and Telephone Corporation which is the ultimate parent company incorporated in Japan.

The largest group in which the results of the Company are consolidated is that headed by Nippon Telegraph and Telephone Corporation, Otemachi First Square, East Tower, 5-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo 100-8116, Japan. The smallest group in which they are consolidated is that headed by NTT Data Corporation, Toyosu Center Building, 3-3-3 Toyosu, Koto-ku, Tokyo 135-6033, Japan. The consolidated financial statements of these groups are available to the public and may be obtained from their respective addresses.