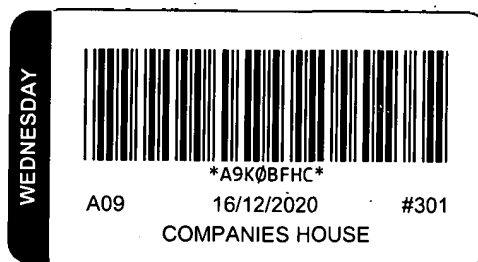


**Axians Networks Limited**

**Annual report and financial  
statements**

**Registered number 4407184**

**For the year ended 31 December 2019**



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## **Strategic Report**

The directors present their strategic and directors' reports and the audited financial statements for the year ended 31 December 2019.

### **Principal activities**

The company, a technical solutions provider, combines its knowledge of world-class technology providers to design, implement and support its clients' business transformation ambitions including the innovation of the data centre, software, security and networking technologies. All the solutions implemented are backed up by a complete range of services. By understanding how technology can accelerate success, the company has a proven track record in delivering highly complex technical infrastructure projects and carrier class networking solutions to enterprise and service provider customers worldwide. The company's expertise in high performance networks and dynamic infrastructures provides the capability to design tailor-made, best-of-breed solutions to meet individual requirements.

### **Business review**

#### **(a) Review of the development and performance of the business in 2019**

The directors are satisfied with the trading performance in 2019 which, although below expectations, returned improved profits. The company continued its progress toward a more a services focused business. The overall gross margins were higher in the year.

The overall strategy of the company remains to enable our customers to deploy intelligent network architecture which in turn transforms the way in which their business communicates and conducts business. This is achieved by harnessing our unique capabilities to drive next generation dynamic solutions in the areas of Software Defined Networking, Security, Datacentre and Analytics. The company continues to focus on the areas of Service Provider and Public Sector which has proven successful as well as investing in the Enterprise market.

Our customers face increasing demand on network infrastructures and assets from the evolution of the Internet of Everything (IoE), consumption of cloud-based applications and the reliance on connectivity to go about daily tasks. The company is well positioned to assist customers deliver new products and services to their end customers to help with this evolution of the network and the way data is now consumed as we go about our daily life.

The company continues to follow the strategy of increasing its services offering to drive higher value relationships with customers. To facilitate this the company invests in staff with a key focus on training and seeks to develop top talent and deliver excellent customer service. Our ability to deliver a broader range of services has been increased in 2019 following the acquisition of specialist businesses in other parts of Europe which are now part of the growing Axians brand.

#### **(b) Principal risks and uncertainties facing the company**

We continue to follow the strategy of being a technology specialist rather than a generalist which means we rely on a relatively small number of vendor partners. We believe these relationships are very strong and mutually beneficial, but we are constantly monitoring and reviewing them to ensure that they remain so. In addition, the consumerisation of technology brings opportunity, but also some unknowns especially around business and pricing models.

Our marketplace is constantly evolving and further consolidation is expected within the sector, whilst smaller niche Security players continue to evolve. The company continues to look to expand its core customer base, proximity to our customers and agility. The company re-aligned itself to better serve the specific target markets in 2019 with Sales and Presales teams serving specific verticals to ensure our customers receive specialist industry knowledge.

Despite the COVID-19 pandemic the Company has not suffered a detrimental trading effect, liquidity has remained positive, no additional financial resource requirements and none are anticipated for the remainder of 2020. Since March 2020 the Company has operated almost exclusively 'from home' to protect the health and well-being of its workforce and its customers. The offices are deemed Covid-safe with strict rules concerning distancing, use of PPE and hand sanitisers throughout, although home working remains the default position for the foreseeable future.

## **Strategic report** *(continued)*

### **Business review** *(continued)*

#### **(c) Key performance indicators (KPIs).**


Revenue fell by 23% as the company concentrated its investment into a services focus business. Despite this, gross margin increased by 14% (2018: 32%), whilst profit for the financial year increased by 3% to £1.06m (2018: £1.02m).

The Directors are confident of maintaining the margin in line with 2019. At the year end the Order Book stands at £6.7m (2018: £8.5m), with Cash held by the business and held by a Group company earning interest stood at £8.4m. (2018: £7.3m).

#### **Going Concern**

The Company is financed by bank facilities accessed through a group cash pooling arrangement operated by Vinci Finance International, a fellow subsidiary undertaking of Vinci SA. The company has continued to perform strongly during the current year despite the impacts of Covid 19, remaining profitable and generating operating cashflows during this period. The Company's forecasts and projections, taking account of reasonably possible changes in performance, including the potential downside scenarios of Covid, show that the Company is able to meet its liabilities as they fall due. The Directors have confirmed that the group cash pool facilities will be in place for a period of at least 12 months from the signing of these financial statements and that additional financing is available from the company's immediate parent undertaking, should it be required. The directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

On behalf of the board

DocuSigned by:  
  
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**Scott Van Der Vord**  
Director

Viables 3  
Jays Close  
Basingstoke  
Hampshire  
RG22 4BS

## **Directors' report**

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

### **Directors**

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

Rochdi Ziyat  
Russell Crampin  
Scott Van Der Vord

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,054,000 (2018: £1,023,000). The directors have recommended no dividend due (2018: £1,200,000).

### **Research and development**

The company has used its technical staff to design, develop and test hardware and software products from multiple vendors into solutions that best serve our customer base. In addition the company relies upon, and assists with, the research and development which is carried out by the manufacturers that it represents.

### **Financial risk management objectives and policies**

The company enters into contracts with certain customers and suppliers for future amounts denominated in foreign currencies, particularly the US Dollar and Euro. In order to manage the foreign currency risk, the company may enter into a foreign currency sale or purchase contract. The company only used standard instruments relating to its trading activities. It does not engage in any speculative use of financial instruments.

The directors consider the impact of financial instruments to have been immaterial to the Company.

### **Policy and practice on payment of creditors**

It is the company's policy in respect of creditors to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment and to abide by the terms of payment.

### **Employee involvement**

During the year the policy of providing employees with information about the company has been continued through internal media methods. Regular meetings are held between management and employees to allow a free flow of information and ideas.

### **Disabled persons**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

### **Political and charitable contributions**

During the year payments of a charitable nature amounted to £10,000 (2018: £10,000). The company made no political donations or incurred any political expenditure during the year.

### **Disclosure of information to the 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

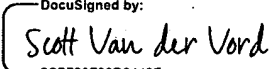
*Axians Networks Limited*  
(Registered number 4407184)

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

### **Strategic report**

The reporting requirements on principal activities, business review, principal risks and uncertainties and KPIs are contained in the Strategic report.

On behalf of the board

DocuSigned by:  
  
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**Scott Van Der Vord**  
*Director*

Viables 3  
Jays Close  
Basingstoke  
Hampshire  
RG22 4BS

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### **Directors' confirmations**

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

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

## ***Independent auditors' report to the members of Axians Networks Limited***

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

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#### **Opinion**

In our opinion, Axians Networks Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the profit and loss account and other comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

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

#### **Independence**

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

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

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

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

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

#### **Reporting on other information**

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

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

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



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

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

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

As explained more fully in the Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

##### *Use of this report*

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

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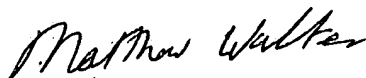
#### **Other required reporting**

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

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

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

We have no exceptions to report arising from this responsibility.



Matthew Walker (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
8 December 2020

*Axians Networks Limited*  
*(Registered number 4407184)*

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>2019 £000</b>	<b>2018 £000</b>
<b>Turnover</b>	<b>2</b>	<b>21,415</b>	<b>27,808</b>
Cost of sales		<b>(11,134)</b>	<b>(18,815)</b>
<b>Gross profit</b>		<b>10,281</b>	<b>8,993</b>
Administrative expenses		<b>(8,994)</b>	<b>(8,143)</b>
<b>Operating profit</b>		<b>1,287</b>	<b>850</b>
Interest receivable and similar income	<b>6</b>	<b>62</b>	<b>62</b>
Interest payable and similar expenses	<b>7</b>	<b>(24)</b>	<b>(49)</b>
<b>Profit before taxation</b>	<b>3</b>	<b>1,325</b>	<b>863</b>
Tax on profit	<b>8</b>	<b>(271)</b>	<b>160</b>
<b>Profit for the financial year</b>		<b>1,054</b>	<b>1,023</b>

The notes on pages 13 to 27 form a part of these Financial Statements.

All results derive from continuing operations. The financial statements have been prepared on an unmodified historical cost basis. The Company has no recognised gains or losses other than the results for the period set out above.


*Axians Networks Limited*  
(Registered number 4407184)

**Balance Sheet**  
**at 31 December 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	9	253	201
Right of Use	16	391	-
<b>Current assets</b>			
Stocks	10	640	1,638
Debtors	11	11,638	11,838
Cash at bank and in hand		2	3
<b>Creditors: amounts falling due within one year</b>	13	<u>12,280</u> <u>(8,411)</u>	<u>13,479</u> <u>(9,175)</u>
<b>Net current assets</b>		<u>3,869</u>	<u>4,304</u>
<b>Total assets less current liabilities</b>		<u>4,513</u>	<u>4,505</u>
<b>Creditors: amounts falling due after one year</b>	14	(513)	(402)
Provisions for liabilities	19	(274)	(488)
Lease liabilities – IFRS16	16	(257)	-
<b>Net assets</b>		<u>3,469</u>	<u>3,615</u>
<b>Capital and reserves</b>			
Called up share capital	15	250	250
Profit and loss account		3,219	3,365
<b>Shareholders' funds</b>		<u>3,469</u>	<u>3,615</u>

The notes on pages 13 to 27 form a part of these financial statements.

These financial statements were approved by the board of directors on 3<sup>rd</sup> December 2020 and were signed on its behalf by:

DocuSigned by:  
  
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**Scott Van Der Vord**  
Director

Company registered number: 4407184

*Axians Networks Limited*  
*(Registered number 4407184)*

**Statement of Changes in Equity**  
**at 31 December 2019**

	<b>Called up share capital £000</b>	<b>Profit &amp; Loss Account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2018	250	4,742	4,992
Profit for the financial year	-	1,023	1,023
Dividends paid	-	(2,400)	(2,400)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	250	3,365	3,615
Profit for the financial year	-	1,054	1,054
Dividends paid	-	(1,200)	(1,200)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2019</b>	<b>250</b>	<b>3,219</b>	<b>3,469</b>

## **Notes** (forming part of the financial statements)

### **1 Accounting policies**

Axians Networks Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 4407184 and the registered address is Viables 3, Jays Close, Basingstoke, Hampshire RG22 4BS.

#### ***Basis of preparation***

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2016 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Vinci SA, includes the company in its consolidated financial statements. The consolidated financial statements of Vinci SA are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 1 Cours Ferdinand de Lesseps, 92851 Rueil-Malmaison Cedex, France.

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

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Certain disclosures required by IFRS 15 Revenue from Contracts with Customers

As the consolidated financial statements of Vinci SA include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- 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, with the exception of IFRS 16 which was adopted with effect from 1 January 2019 and for which there are no comparative figures.

#### ***Going concern***

The Directors have considered current projections and expectations for the next 12 months. Based on current experience with customers there are no indications that an appropriate level of business cannot be achieved. Accordingly, the directors believe that the company is well placed to manage its business risks successfully, including those provided by the COVID-19 pandemic, and are satisfied that the company has and will maintain sufficient financial resources to enable it to continue operating in the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the Directors' report and financial statements.

**Notes (continued)****1 Accounting policies (continued)*****Tangible fixed assets and depreciation***

Depreciation is provided to write off the costs less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives. The rates generally applicable are:

Leasehold improvements	over the term of the lease
Fixtures and fittings	over 5 years
Vehicles	over 5 years
Computer equipment	over 2 to 5 years
Plant and machinery	over 2 to 5 years

The cost of fixed assets represents the purchase price plus any incidental costs of acquisition.

***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

***Non-derivative financial instruments***

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents and trade and other creditors.

***Trade and other debtors***

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

***Trade and other creditors***

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

***Post-retirement benefits***

The company operates a defined contribution pension scheme. 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.

***Research and development expenditure***

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

***Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

**Notes (continued)****1 Accounting policies (continued)****Adoption of IFRS 15**

The company adopted IFRS 15 on January 2018, the date on which the standard came into force in the European Union. Given that the impacts identified were not material, IFRS 15 was applied retrospectively to current existing contracts according to the 'simplified retrospective' approach.

**Turnover**

Turnover comprises amounts derived from the sale of hardware and associated services.

Hardware is recorded on delivery of the goods to the end customer.

Revenue relating to support service contracts is recognised in accordance with IFRS 15. In view of the company's main activities, the majority of service contracts involve only one performance obligation which is fulfilled as contract execution progresses. Revenue is recognised over time and using a cost input basis which reflect the nature of the company's contract performance. To measure the progress towards completion of service contracts, the company uses the cost-to-cost method. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Contract amendments (relating to the price and/or scope of the contract) are recognised when approved by the client. Where amendments relate to new goods or services regarded as distinct under IFRS 15, and where the contract price increases by an amount reflecting "stand-alone selling prices" of the additional goods or services, those amendments are recognised as a distinct contract. The cost of winning the contract that would not have been incurred if the company had not won the contract is recognised as an asset where it is recoverable and amortised over the estimated contract term. At the company level, the cost of winning contracts, capitalised and amortised over a period of more than one year, is not material. The company's invoicing to customers is designed to match the profile of its costs and cashflows, where the invoicing profile does not match the pattern of revenue recognition this results in contract assets and liabilities.

Where the company provides bundled contracts of hardware and support, support services revenue is identified and recognised over the period over which the support is provided based on a fair value methodology. All associated hardware is recorded separately upon delivery of the goods to the end customer.

**Contract assets and liabilities**

The company's trade receivables represent the unconditional right to receive consideration ("a payment") when the goods or services promised to the customer in the contract have been transferred. However, where the right is dependent on the transfer of other goods or services and/or the completion of milestones or stages defined in the contract, the company regards the amount representing that "conditional" right as a contract asset. Contract assets related to the portion of performance obligations already fulfilled by the company and for which the definitive right to receive cash was subject to completing other work specified in the relevant contracts. Contract assets turn into receivables as works are received by the client, giving rise to the company's unconditional right to receive cash. Contract assets therefore represent a portion of future payments receivable by the company under existing contracts.

Amounts relating to any company obligation to transfer goods or services for which it has already received a payment, or for which the right to such payment is enforceable, are regarded as contract liabilities under IFRS 15. Within the company, contract assets correspond to invoices not yet raised.

**Notes (continued)****1 Accounting policies (continued)**

In accordance with IFRS 9, contract assets are analysed to assess any risk of non-recovery ("credit risk"). Contract liabilities mainly consist of advances received and prepaid income.

**Expenses****Interest receivable and Interest payable**

Interest payable and similar expenses include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

**Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**IFRS 9 - Financial Instruments**

In the current year, the Company has applied IFRS 9 Financial instruments.

**(a) Classification and measurement of financial assets and financial liabilities**

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial assets or liabilities.



**Notes (continued)****1 Accounting policies (continued)****(b) Impairment of financial assets in relation to the impairment of financial assets**

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost; and,
2. Trade receivables and contract assets.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables and contract assets in certain circumstances. The Company has chosen to make reserves for expected credit losses over the financial assets lifetime based on the simplified model.

***Impact of the first-time adoption of IFRS 16 for the Company***

Since 1 January 2019, the Company has applied IFRS 16 "Leases" according to the "simplified retrospective" transitional approach. The cumulative effects of first-time adoption have been recognised in opening equity at 1 January 2019 and 2018 data presented for comparative purposes has not been adjusted. The Company recognises all of its leases on the balance sheet, with the exception of those with a term of less than 12 months and those relating to items whose unit value in brand-new condition is not material, whereas the previous accounting standard (IAS 17) required only finance leases to be recognised on the balance sheet. The application of IFRS 16 caused the Company recognise, at 1 January 2019, £517,000 of rights to use leased assets over their lease terms on the asset side of its balance sheet, and £529,000 of liabilities corresponding to the obligation to make lease payments. On the income statement, asset depreciation charges and interest expense relating to the corresponding lease liabilities replace the lease expense previously recognised entirely under operating income. Overall, IFRS 16 led to an improvement in Ebitda but had a neutral impact in terms of free cash flow. The impact on Ebit was limited. The change in method is described in Note 16 to the consolidated financial statements, "Change in accounting methods – IFRS 16 'Leases'", page 25.

***Judgement and key sources of estimation uncertainty***

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from estimates.

The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements:

***Turnover***

Following detailed quantification of the company's contracts and the revenue derived from them, the directors are satisfied that revenue is recognised over time and is based on an input method being cost % completion. Total budgeted costs and costs to complete are estimated based on the directors' experience of managing similar contracts and forecast costs and margins are monitored closely and updated regularly as required.

**Notes (continued)****2 Turnover**

An analysis of turnover by geographical market and activity is given below:

*By geographical market*

	2019 £000	2018 £000
United Kingdom	17,971	24,040
Rest of Europe	2,707	3,472
Rest of World	737	296
	<u>21,415</u>	<u>27,808</u>

*By activity*

Hardware	9,605	16,100
Annuity services	9,199	9,555
Professional services	1,724	1,315
Other	<u>887</u>	<u>838</u>
	<u>21,415</u>	<u>27,808</u>

**3 Profit before taxation**

	2019 £000	2018 £000
<i>Profit before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets		
- owned assets	127	184
Operating lease rentals		
- land and buildings	221	209
- plant and machinery	9	6
	<u>357</u>	<u>399</u>
	<u>2019 £000</u>	<u>2018 £000</u>

*Auditors' remuneration:*

Amounts receivable by the auditors and their associates in respect of:

Audit of these financial statements	25	30
	<u>25</u>	<u>30</u>

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## Notes (continued)

### 4 Remuneration of directors

	2019 £000	2018 £000
Directors' emoluments	210	335
Company contributions to money purchase pension schemes	8	12
	<u>218</u>	<u>347</u>

The aggregate emoluments of the highest paid director was £210,080 (2018: £235,655), and company pension contributions of £7,800 (2018: £7,800) were made to a money purchase scheme on their behalf.

Remuneration of directors not directly employed by the company is not disclosed within these accounts as the company pays a management fee to the immediate parent by way of services provided of which time spent in the business by the directors forms a part thereof.

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Administration staff	8	12
Sales and technical	66	71
	<u>74</u>	<u>83</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	5,570	5,898
Social security costs	497	757
Other pension costs	211	229
	<u>6,278</u>	<u>6,884</u>

### 6 Interest receivable and similar income

	2019 £000	2018 £000
On bank deposits	62	62
	<u>62</u>	<u>62</u>

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## Notes (continued)

### 7 Interest payable and similar expenses

	2019 £000	2018 £000
On bank borrowings and foreign currency transactions	24	49

### 8 Tax on profit

#### *Analysis of charge/(credit) in period*

	2019 £000	2018 £000
<i>UK corporation tax</i>		
Current tax on income for the period	224	176
Adjustments in respect of prior periods	(13)	(267)
Total current tax	211	(91)
<i>Deferred tax (see note 12)</i>		
Origination/reversal of timing differences	39	(29)
Adjustments in respect of prior periods	24	(40)
Total deferred tax	63	(69)
Tax on profit	271	(160)

**Notes (continued)****8 Tax on profit (continued)***Factors affecting the tax charge/(credit) for the current period*

The total tax charge/(credit) for the period is higher (2018: lower) than the standard rate of corporation tax in the UK 19% (2018: 19.00%). The differences are explained below.

	2019 £000	2018 £000
Profit before taxation	1,325	863
Tax using the UK corporation rate of 19% (2018: 19.00%)	252	164
Expenses not deductible for tax purposes	11	12
Short term timing differences	(3)	(29)
Change in tax rates	-	-
Adjustments to tax charge in respect of previous periods	11	(307)
Total tax charge/(credit) (see above)	271	(160)

*Factors that may affect future tax charges*

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by £27,000 and to increase the deferred tax asset by £27,000.

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**9 Tangible assets**

	<b>Leasehold improvements</b>	<b>Plant and machinery</b>	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Software</b>	<b>Total</b>
	£000	£000	£000	£000	£000	£000
<i><b>Cost</b></i>						
At beginning of year	220	542	237	880	7	1,886
Additions	12	-	8	159	-	179
Disposals	-	-	-	(38)	-	(38)
At end of year	232	542	245	1001	7	2027
<i><b>Accumulated Depreciation</b></i>						
At beginning of year	186	542	199	752	6	1,685
Disposals	-	-	-	(38)	-	(38)
Charge for year	10	-	23	93	1	127
At end of year	196	542	222	807	7	1774
<i><b>Net book value</b></i>						
At 31 December 2019	36	-	23	194	-	253
At 31 December 2018	34	-	38	128	1	201

**Notes (continued)****10 Stocks**

	2019 £000	2018 £000
Finished goods and goods for resale	640	1,638
Goods in transit	-	-
	<u>640</u>	<u>1,638</u>

The amount of inventories recognised as an expense during the year is £9,810,000 (2018: £16,315,000)

**11 Debtors**

	2019 £000	2018 £000
Trade debtors	1,317	1,705
Prepayments and accrued income	2,311	2,449
Contract Assets	150	762
Deferred tax (note 12)	266	329
Amounts owed by group undertakings	7,594	6,586
Other debtors	-	7
	<u>11,638</u>	<u>11,838</u>

Prepayments and accrued income include £11,233 (2018: £4,057 due after more than one year).

**12 Deferred tax asset**

	£000
At 1 January 2019	329
Credit to the profit and loss account for the year	(63)
	<u>266</u>
At 31 December 2019	<u>266</u>

The elements of deferred taxation are as follows:

	2019 £000	2018 £000
Difference between accumulated depreciation and capital allowances	266	329
	<u>266</u>	<u>329</u>

The deferred tax asset at the balance sheet date has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

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## Notes (continued)

### 13 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Payments received on account	-	-
Trade creditors	1,823	1,600
Corporation tax	159	159
Other taxes and social security	270	90
Accruals	1,528	2,739
Contract Liabilities	4,492	4,587
Right of Use – IFRS 16	139	-
	<u>8,411</u>	<u>9,175</u>

### 14 Creditors: amounts falling due after one year

	2019 £000	2018 £000
Accruals and deferred income	513	402
	<u>513</u>	<u>402</u>

### 15 Called up share capital

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i> 250,000 Ordinary shares of £1 each	250	250



**Notes (continued)****16 Leases**

The company has lease contracts for an office, equipment and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows;

The balance sheet shows the following amounts relating to leases:

	2019 £000	2018 £000
<b>Right-of-use assets</b>		
Buildings	469	-
Equipment	26	-
Vehicles	22	-
Amortisation (amounts recognised in the income statement)	(126)	-
	<u>391</u>	<u>-</u>
<b>Lease liabilities</b>		
Current	139	-
Non-Current	257	-
	<u>396</u>	<u>-</u>

Future minimum lease payments as 31 December 2019 are as follows:

	2019 £000	2018 £000
Not later than one year	139	143
Later than one year and not later than five years	257	389
Later than five years	-	-
<b>Total Gross payments</b>	<b>396</b>	<b>532</b>
Impact of finance expenses	(16)	-

**Change in accounting methods – IFRS 16 “Leases”**

The Company applied IFRS 16 to leases in existence on 1 January 2019, according to the “simplified retrospective” approach. The 2018 figures, presented for comparison purposes, have therefore not been adjusted to reflect the transitional provisions of IFRS 16. IFRS 16 “Leases” changes the way that lessees recognise leases. It replaces the IAS 17 accounting standard along with the IFRIC 4, SIC 15 and SIC 27 interpretations. IFRS 16 requires lessees to use a single method for recognising leases, affecting the balance sheet in a similar way to finance leases as recognised until 31 December 2018 in accordance with IAS 17. The Company is not a party to any material leases in which it is the lessor, other than certain intracompany leases. The accounting treatment of leases has not been significantly changed by IFRS 16. The Company applies the IFRS 16 provisions described below for all its leases relating to underlying assets whose value, in brand-new condition, is material and/or where the lease term is more than 12 months taking into account renewal options provided for contractually.

**Notes (continued)****16 Leases (continued)****Impact of the first-time adoption of IFRS 16 on the financial statements at 1 January 2019**

Before IFRS 16 came into force, the Company designated each lease as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all the risks and rewards incidental to ownership of the asset; otherwise, the lease was classified as an operating lease. Finance leases resulted in the recognition of a non-current asset and a balancing liability, and lease payments were allocated to repayment of the liability and interest. The asset was depreciated over the lease term or its useful life where it was probable that a purchase option included in the lease would be exercised. For operating leases, non-current assets were not recognised on the balance sheet while lease payments were recognised on the income statement, spread over the lease term in equal proportions. Lease payments made in advance or still payable were recognised on the balance sheet in the working capital requirement.

**Leases designated as operating leases at 31 December 2018**

Since IFRS 16 came into force, the Company has recognised a lease liability reflecting the sum of lease payments still to be made, discounted at the marginal interest rate of the liability, determined using the approach explained below, with a balancing entry representing the right to use the underlying asset. According to the simplified approach, the amount of right-of-use assets is equal to the amount of the lease liability recognised (in some cases adjusted for lease payments paid in advance or still payable). IFRS 16 does not apply to leases with terms of less than one year or relating to low-value assets; the related lease payments are still recognised in the income statement with no impact on the Company's balance sheet. Lease terms include minimum lease terms and any renewal periods provided for in the leases. Property lease terms have been assessed on the basis of local law and the expected use of the premises. Variable lease payments or services related to the lease are not taken into account in determining the amount of the right-of-use asset or that of the lease liabilities. They are recognised as expenses when incurred. To determine the marginal interest rate used to calculate the lease liability, the Company takes into account the weighted average duration of payments, country risk and specific risk for each Company business line. Deferred tax has been recognised on the difference between right-of-use assets and lease liabilities falling within the scope of IFRS 16. The tables on page 25 set out the impacts of the first-time adoption of IFRS 16 at 1 January 2019 on the Company's opening balance sheet; they show that the application of that standard resulted in a change/increase/decrease in equity attributable to owners amounting to £nil net of deferred tax on 1 January 2019.

**Notes (continued)****17 Forward exchange contracts**

During the year, the company entered into forward currency exchange contracts in the normal course of business, to hedge the exposure of future purchases denominated in US dollar. At 31 December 2019, the total amount of Euro contracts expired was €52.3k and US dollar contracts unexpired was \$1.7m (2018: £1.8m). The fair value of these contracts at the year-end was £47,193 liability (2018: £49,764 liability).

The directors have considered the values of forward currency exchange contracts have not been material to the Company and, as a result, they have not been recognised at fair value in the balance sheet and changes in fair value have not been recognised in profit and loss, in line with FRS 101 in either period.

**18 Pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £210,752 (2018: £228,676).

Contributions of £15,407 were payable to the scheme at the year end (2018: £20,060).

**19 Provisions for liabilities**

	2019 £000	2018 £000
Opening balance at 1 January	488	3,487
Provisions made during the year	122	488
Provisions used during the year	(336)	(3,487)
<b>Closing balance at 31 December</b>	<b>274</b>	<b>488</b>
Non-current		
Current	274	488

During 2019 the company made provisions for support contracts where the minimum unavoidable cost of delivering the contract exceeded the price to the customer and where full recovery is not expected from customers. The balance at 31<sup>st</sup> December 2019 represents provisions that are expected to be fully utilised by 31<sup>st</sup> December 2020.

**20 Related Party Disclosures**

During the year the Company sold commercial and contract management services to Axians AS, a joint venture entity, amounting to £0 (2018: £837,530). There are no outstanding balances at the year end (2018: £0) and no future commitments between the parties (2018: £0).

**21 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Vinci SA which is the ultimate parent company incorporated in France.

The largest group and the smallest group in which the results of the company are consolidated is that headed by Vinci SA, incorporated in France. The consolidated financial statements of Vinci SA are available to the public and may be obtained from 1 Cours Ferdinand de Lesseps, 92851 Reuil-Malmaison Cedex, France.

