

Registration number: 07113794

# Verizon Connect Telo UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



## **Verizon Connect Telo UK Limited**

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## **Verizon Connect Telo UK Limited**

### **Company Information**

<b>Directors</b>	C Aitkenhead F De Maio
<b>Registered office</b>	Reading International Business Park Basingstoke Road Reading Berkshire RG2 6DA
<b>Auditors</b>	Ernst & Young LLP Statutory Auditor R+, 2 Blagrove Street Reading RG1 1AZ

## **Verizon Connect Telo UK Limited**

### **Strategic Report for the Year Ended 31 December 2021**

The directors present their Strategic Report for the year ended 31 December 2021.

#### **Business review**

The principal activity of Verizon Connect Telo UK Limited (the "Company") was to support the sales and development of telematics, GPS, automatic vehicle location and other location-based services and software.

On 1 August 2021, the employees of the Company transferred to other group companies and therefore the sales and development support they had previously provided ceased at that time.

The Company's profit for the year ended 31 December 2021 before taxation was £56,418 (2020:£88,005). In comparison with the preceding year, the 2021 operating profit has decreased by £31,602.

#### **Key performance indicators**

As a result of the straightforward nature of the business, the directors do not consider the use of key performance indicators necessary to provide an understanding of the development, performance or position of the business.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Company were similar to those facing other companies in the Telematics sector, namely, competition from businesses with competing products, rapidly changing technology and price pressure. The Company also has exposure to foreign currency risk which arises from purchases in currencies other than its functional currency. These risks are managed at a global and a European regional level, and are significantly mitigated by being an integral part of a leading global communications provider, delivering innovative, cost-effective, advanced communications connectivity to businesses, governments and consumers.

#### **Impact of the Coronavirus (COVID-19) outbreak**

Subsequent to the end of the financial year, the COVID-19 outbreak has continued to impact businesses and society to varying degrees. The UK government's responses, in dealing with the pandemic, continue to affect normal activity levels across the community, the economy and business operations as they have done so since March 2020.

The rollout of several vaccines coupled with UK government measures should lead to a gradual and safe return to a more normal, pre pandemic situation. It is not possible to estimate the impact of the outbreak's near-term and longer effects or governments' varying efforts to combat the outbreak and support businesses.

So far, the Company has not seen a significant impact on its business to date. The ongoing pandemic and associated economic effects are not expected to have a significant impact on the Company's ongoing results in the short term.

## **Verizon Connect Telo UK Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Effect of the Ukraine Situation**

Verizon continues to monitor the developing situation in Ukraine and the region. The US and other governments have adopted a series of sanctions and export control measures. Verizon is committed to adhere to all applicable laws and regulations and we are currently evaluating the impact on Verizon's limited operations in Russia and Ukraine. Since February 2022, there has been a significant increase in volatility on the securities and currency markets, which Verizon continues to monitor. The Company regards these events as non-adjusting events after the reporting period.

Although neither the Company's performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, Management continues to monitor the evolving situation and its impact on the financial position and results of the Company.

Approved by the Board on 22 September 2022 and signed on its behalf by:

*Clare Aitkenhead* .....

C Aitkenhead  
Director

## **Verizon Connect Telo UK Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

The audited financial statements for the year ended 31 December 2021 are set out on pages 11 to 25.

#### **Directors of the Company**

The directors, who served during the year and to the date of this report, were as follows:

C Aitkenhead

F De Maio

#### **Future developments**

The directors are satisfied with the performance of the Company for the year.

The employees of the Company transferred to other group companies on 1 August 2021. There is no immediate impact on the future of the business and the service agreement with Verizon Connect Telo Inc., referred to below, currently remains in place. The directors are however evaluating the possibility of taking steps to dissolve the Company via a strike-off. No definitive decision has been made at this time.

#### **Going concern**

The Company's business activities are set out in the Strategic Report.

The directors' assessment is that due to the nature of the core businesses, the likelihood of a significant impact from COVID-19 or the situation in Ukraine is seen as low for the Company.

The Company has a service agreement with Verizon Connect Telo Inc. for the provision of promotion and marketing services. The directors, having assessed future profit forecasts and level of financial support available from Verizon Communications Inc., have no reason to believe that a material uncertainty exists about the ability of the Company to ensure that it meets its liabilities to third parties as they fall due and continue as a going concern for the period to 31 December 2023. However, the directors are evaluating the possibility of taking steps to dissolve the Company via a strike-off. No definitive decision to strike the Company off has been made at this time and accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

The directors recognise that the uncertainty regarding the potential strike-off constitutes a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern, in the sense that it may cease to exist.

Nevertheless, in the event that a plan to apply for strike-off of the Company does proceed, this would only occur following settlement in full of any liabilities of the Company and the directors do not consider that any plan to prepare the Company for strike-off would in any way impact the Company's ability to meet such liabilities.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements therefore do not reflect any adjustments that would be required if they were prepared on a basis other than the going concern basis.

In the event that a definitive decision is made in future, to strike off or otherwise dissolve the company, then the directors note that any annual report and financial statements filed after that decision was taken would no longer be prepared on a going concern basis.

#### **Dividends**

No interim dividends (2020: £nil) were paid during the year. The directors do not recommend the payment of a final dividend (2020: £nil).

## **Verizon Connect Telo UK Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **Events since the balance sheet date**

There were no significant events after the end of the reporting period.

#### **Directors' liabilities**

The Company has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to those conditions as set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

#### **Auditors**

The directors have appointed Ernst & Young LLP as auditors for the Company. Ernst & Young LLP have been reappointed as auditors of the Company for the financial year ended 31 December 2022.

#### **Disclosure of information to the auditors**

So far as the directors at the date of approving this report are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. Having made enquiries of the Company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board on 22 September 2022 and signed on its behalf by:

*Clare Aitkenhead*  
.....  
C Aitkenhead  
Director

## **Verizon Connect Telo UK Limited**

### **Directors' Responsibilities Statement**

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Independent Auditor's Report to the Members of Verizon Connect Telo UK Limited**

### **Opinion**

We have audited the financial statements of Verizon Connect Telo UK Limited for the year ended 31 December 2021, which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty relating to going concern**

We draw attention to note 2 of these financial statements, which indicate that the directors are evaluating the different options around the future of the company of which one option may be a strike-off. No definitive decision has been made at this time regarding the future of the company.

As stated in note 2, these events or conditions indicate that material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

## **Independent Auditor's Report to the Members of Verizon Connect Telo UK Limited (continued)**

### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Independent Auditor's Report to the Members of Verizon Connect Telo UK Limited (continued)**

### **Auditor's responsibilities for the audit of the financial statements**

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006). In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, data protection and anti-bribery and corruption.
- We understood how Verizon Connect Telo UK Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas, and to understand the culture and whether there is a strong emphasis placed on fraud prevention, which may reduce opportunities for fraud to take place as well as fraud deterrence. We corroborated our enquiries through our inspection of Board minutes, inquiry and, if any, review of correspondence with relevant authorities, and made consideration of the results of our audit procedures performed to either corroborate or provide contrary evidence which was then followed up.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering there to be a potential for management override via management manipulating their revenue calculation. We have tested that the revenue is recognised in line with the contractual agreement, including testing top side journals posted.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of the Board minutes to identify any non-compliance with laws and regulation, enquiries of management and testing of journal postings by specific risk criteria.

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

## **Independent Auditor's Report to the Members of Verizon Connect Telo UK Limited (continued)**

### **Use of our report**

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

DocuSigned by:  
*Ernst & Young LLP*  
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.....  
Evangelos Gkirtsos (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading

22 September 2022

# Verizon Connect Telo UK Limited

## Statement of Profit or Loss Account and Other Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £	2020 £
<b>Revenue</b>	3	1,184,774	1,848,126
<b>Expenditure</b>			
Distribution costs		(1,086,037)	(1,698,894)
Administrative expenses		<u>(42,319)</u>	<u>(61,212)</u>
<b>Operating profit</b>	4	56,418	88,020
Interest payable and similar charges	5	<u>-</u>	<u>(15)</u>
<b>Profit on ordinary activities before taxation</b>		56,418	88,005
Tax on profit on ordinary activities	8	<u>(789)</u>	<u>(262)</u>
<b>Profit for the year</b>		55,629	87,743
<b>Other comprehensive income for the year, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>55,629</u></u>	<u><u>87,743</u></u>

The above results were derived from continuing operations.

The notes on pages 14 to 25 form an integral part of these financial statements.

## Verizon Connect Telo UK Limited

### Balance Sheet as at 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
<b>Fixed assets</b>			
Tangible assets	9	-	3,884
<b>Current assets</b>			
Debtors - due within one year	10	1,335,013	1,364,966
Debtors - due after one year	10	-	97,359
Cash at bank and in hand	11	226,445	88,999
		1,561,458	1,551,324
<b>Creditors: Amounts falling due within one year</b>	12	(722,884)	(772,263)
<b>Net current assets</b>		838,574	779,061
<b>Net assets</b>		838,574	782,945
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Retained earnings		838,474	782,845
<b>Shareholders' funds</b>		838,574	782,945

Approved by the Board on 22 September 2022 and signed on its behalf by:

*Clare Aitkenhead* .....

C Aitkenhead

Director

The notes on pages 14 to 25 form an integral part of these financial statements.

## Verizon Connect Telo UK Limited

### Statement of Changes in Equity for the Year Ended 31 December 2021

	Called-up Share capital £	Retained earnings £	Total £
At 1 January 2021	100	782,845	782,945
Profit for the year	-	55,629	55,629
At 31 December 2021	<u>100</u>	<u>838,474</u>	<u>838,574</u>

	Called-up Share capital £	Retained earnings £	Total £
At 1 January 2020	100	695,102	695,202
Profit for the year	-	87,743	87,743
At 31 December 2020	<u>100</u>	<u>782,845</u>	<u>782,945</u>

The notes on pages 14 to 25 form an integral part of these financial statements.

## **Verizon Connect Telo UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **1 Authorisation of financial statements and statement of compliance**

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue by the Board of directors on 22 September 2022 and the Balance Sheet was signed on the Board's behalf by Clare Aitkenhead. The Company is a private company limited by shares, incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling.

The results of the Company are included in the consolidated financial statements of Verizon Communications Inc. which are available at [www.verizon.com](http://www.verizon.com) or on written request sent to: 1095 Avenue of the Americas, New York, New York, 10036 USA.

The principal accounting policies adopted by the Company are set out in note 2.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

##### **Summary of disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (i) the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- (ii) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- (iii) the requirements of IAS 7 Statement of Cash Flows
- (iv) the requirements of paragraphs 45b and 46-52 of IFRS 2 Share Based Payment because the share based payment arrangement concerns the instruments of another group entity
- (v) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- (vi) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16 Property Plant and Equipment
- (vii) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements
- (viii) the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors



## **Verizon Connect Telo UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

- (ix) the requirements of IFRS 7 Financial Instruments: Disclosures

#### **Summary of disclosure exemptions (continued)**

- (x) the requirements of IFRS 9 Financial Instruments: Disclosures

#### **Going concern**

The directors' assessment is that due to the nature of the core businesses, the likelihood of a significant impact from COVID-19 or the situation in Ukraine is seen as low for the Company.

The Company has a service agreement with Verizon Connect Telo Inc. for the provision of promotion and marketing services. The directors, having assessed future profit forecasts and level of financial support available from Verizon Communications Inc., have no reason to believe that a material uncertainty exists about the ability of the Company to ensure that it meets its liabilities to third parties as they fall due and continue as a going concern for the period to 31 December 2023. However, the directors are evaluating the possibility of taking steps to dissolve the Company via a strike-off. No definitive decision to strike the Company off has been made at this time and accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

The directors recognise that the uncertainty regarding the potential strike-off constitutes a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern, in the sense that it may cease to exist.

Nevertheless, in the event that a plan to apply for strike-off of the Company does proceed, this would only occur following settlement in full of any liabilities of the Company and the directors do not consider that any plan to prepare the Company for strike-off would in any way impact the Company's ability to meet such liabilities.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements therefore do not reflect any adjustments that would be required if they were prepared on a basis other than the going concern basis.

In the event that a definitive decision is made in future, to strike off or otherwise dissolve the company, then the directors note that any annual report and financial statements filed after that decision was taken would no longer be prepared on a going concern basis.

#### **New standards, amendments and IFRIC interpretations**

The Company has not yet early adopted any standards, interpretations or amendments that have been issued but which are not yet effective.

## **Verizon Connect Telo UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Revenue from contracts with customers**

The Company has a service agreement with Verizon Connect Telo Inc. for the provision of promotion and marketing services.

Expenses incurred by the Company in the performance of agreed upon services and any other expenses as agreed between the parties, except income taxes, are incorporated into the service agreement.

Revenue is recognised on an accruals basis when the underlying services are performed and expenses are incurred.

IFRS 15 requires the deferral of incremental costs incurred to obtain a customer contract, which are then amortised to expense, over the respective period. 50% of sales commissions' costs are deferred and amortised over the weighted-average contract term.

##### **Tax**

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.

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 substantively at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Profit or Loss.

##### **Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Statement of Profit or Loss.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Tangible fixed assets and depreciation

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation and any provisions for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of tangible fixed assets, less their estimated residual values, over their expected useful lives using the straight line basis.

Fixtures and equipment 5 years.

##### Financial Instruments

###### *Financial Assets*

The Company has applied IFRS 9 with effect from 1 January 2018 and going forward.

The Company has availed of the disclosure exemptions available in accordance with FRS 101 as mentioned in the summary of disclosure exemptions.

Following review of the Company's financial assets and financial liabilities, no material recognition, measurement or transition impacts from the application of IFRS 9 have been identified with financial assets and liabilities being recognised in the same manner under IFRS 9 as was recognised under the previously applicable standard IAS 39, Financial Instruments.

###### *Initial recognition and measurement*

Financial assets within the scope of IFRS 9 are classified as financial assets at amortized cost, and financial assets at fair value through profit or loss.

###### *Derecognition of financial assets:*

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Financial Instruments (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

The Company's financial assets are classified as loans and receivables and include cash, intercompany and other receivables.

##### *Cash at bank and in hand*

Cash in the balance sheet comprises cash at banks and in hand.

##### *Intercompany and other debtors*

The Company impairs intercompany receivables using the IFRS 9 general impairment approach, which involves calculating an amount equal to 12 months expected credit losses where the Credit Risk is assessed below.

Changes in the credit risk associated with these assets are assessed on both an individual basis and collective basis. To date, there has been no indication of impairment on a collective basis.

##### Financial Liabilities

##### *Initial recognition and measurement*

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement, financial guarantee contracts, commitments to provide a loan at a below market interest rate, and contingent consideration recognized by an acquirer in accordance with IFRS 3, Business Combinations.

##### *Derecognition of financial liabilities:*

A financial liability is derecognised when the obligation under the liability is discharged, 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## **Verizon Connect Telo UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial Instruments (continued)**

###### *Trade and other creditors*

Trade and other short term creditors are carried at the lower of their original invoiced value and payable amount.

###### *Loans and borrowings*

Loans and borrowings are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

##### **Defined contribution pension obligation**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Statement of Profit or Loss represents the contributions payable to the scheme in respect of the accounting period.

##### **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the assets recoverable amount in order to determine the extent of the impairment loss. An assets recoverable amount is the higher of an assets or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment losses is recognised immediately in the Statement of Profit or Loss, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Share based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate pricing model.

No expense is recognised for awards that do not ultimately vest. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments which will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the Statement of Profit or Loss with a corresponding entry in equity.

Where the terms of an equity settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period.

In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if the difference is negative.

Where an equity settled award is cancelled it is treated as if it had vested on the date of the cancellation and any cost not yet recognised in the Statement of Profit or Loss for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Statement of Profit or Loss.

#### 3 Revenue

An analysis of the Company's revenue which is wholly derived from its US parent is as follows:

	2021 £	2020 £
Cost plus basis on expenses	<u>1,184,774</u>	<u>1,848,126</u>

#### 4 Operating profit

Operating profit is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of property, plant and equipment	3,884	7,162
Foreign exchange losses	1,509	2,891
Rental expense	74,338	111,966
Staff costs	920,042	1,527,856
<b>Auditor's remuneration</b>		
- audit of the financial statements	36,000	33,000
- other services	<u>-</u>	<u>-</u>

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 5 Interest payable and similar charges

	2021	2020
	£	£
Other	-	15

#### 6 Staff costs

The average number of persons employed by the Company during the year, was:

	2021	2020
	No.	No.
Sales and administrative employees	9	15

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	778,358	1,293,423
Social security costs	99,890	163,898
Other pension costs	41,794	70,535
	<u>920,042</u>	<u>1,527,856</u>

The employees of the Company transferred to other group companies on 1 August 2021.

#### 7 Directors' remuneration

The directors are employed by Verizon group companies and their services as directors is incidental to their main employment. Consequently, the directors do not receive emoluments for their services as directors of the Company.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 8 Income tax

Tax charged/(credited) in the profit and loss account

	2021 £	2020 £
<b>Current taxation</b>		
UK corporation tax	-	-
Total current income tax	-	-
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	789	262
Tax charge in the profit and loss account	789	262

#### Reconciliation of the total tax charge

	2021 £	2020 £
Profit before tax	56,418	88,005
Tax at UK statutory rate of 19% (2020:19%)	10,719	16,721
Expenses not deductible for tax purposes	-	82
Fixed asset timing differences	260	778
Other timing differences	(1,048)	(539)
Deferred tax liability/(asset) recognised during the year	789	262
Group relief claimed	(9,931)	(17,042)
Total tax charge	789	262

#### Change in Corporation Tax Rate

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.



## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 8 Income tax (continued)

##### Deferred tax

	2021 £	2020 £
<b>Deferred tax (asset)/liability included in the balance sheet as follows</b>		
Deferred tax	<u>(2,178)</u>	<u>(2,967)</u>
	<u><u>(2,178)</u></u>	<u><u>(2,967)</u></u>

#### 9 Tangible assets

	<b>Furniture, fittings and equipment £</b>
<b>Cost or valuation</b>	
At 1 January 2021	<u>55,407</u>
At 31 December 2021	<u>55,407</u>
<b>Depreciation</b>	
At 1 January 2021	51,523
Charge for the year	<u>3,884</u>
At 31 December 2021	<u>55,407</u>
<b>Carrying amount</b>	
At 31 December 2021	<u><u>-</u></u>
At 31 December 2020	<u><u>3,884</u></u>

#### 10 Trade and other debtors

	2021 £	2020 £
<b>Due within one year:</b>		
Amounts due from parent company	1,132,323	1,225,451
Amounts due from other group undertakings	200,512	-
Prepayments	-	7,062
Deferred commissions	-	118,453
Deferred tax	2,178	2,967
Other debtors	<u>-</u>	<u>11,033</u>
	<u><u>1,335,013</u></u>	<u><u>1,364,966</u></u>

Amounts due from the parent company are repayable on demand.

## Verizon Connect Telo UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 10 Trade and other debtors (continued)

	2021 £	2020 £
<b>Due after one year:</b>		
Deferred commissions	-	97,359

#### 11 Cash at bank and in hand

	2021 £	2020 £
Cash at bank	226,445	88,999

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

	2021 £	2020 £
Accrued expenses	36,002	156,575
Amounts due to group undertakings	686,882	570,775
Social security and other taxes	-	44,913
	<u>722,884</u>	<u>772,263</u>

#### 13 Share capital

	2021 £	2020 £
<b>Issued</b>		
100 (2020:100) ordinary shares of GBP 1 each	<u>100</u>	<u>100</u>

#### 14 Pension and other schemes

##### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £41,794 (2020:£70,535).

As at 31 December 2021 there was a pension scheme accrual relating to the Company contributions of £nil (2020: £5,518) which is included within accrued expenses in Note 12.

## **Verizon Connect Telo UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **15 Share-based payments**

##### **Stock Together**

From 2 March 2020, the Company participates in the Verizon Communications Inc. (“Verizon”) Stock Together Plan (“the Stock Together Plan”). The Stock Together Plan permits the granting of restricted stock units (RSUs).

The Stock Together Plan is a broad-based equity award program that creates an opportunity for employees to share in the success of Verizon and the value created through a discretionary award of RSUs.

Eligible employees receive an award of RSUs in a fixed dollar amount based on their job level, work location, and scheduled hours on the grant date. The actual number of RSUs each employee will receive will be determined by dividing the employee’s fixed dollar award amount by the closing price of a share of Verizon Communications Inc. common stock on the NYSE on the grant date.

The award will vest over a 3-year period, with a third of the units vesting each year. If an employee satisfies the vesting requirements for the award they will receive a cash payment equal to the value of the vested RSUs plus quarterly dividend equivalent units on the applicable vesting dates.

The RSU award liability is measured at its fair value at the end of each reporting period and, therefore, will fluctuate based on the performance of Verizon’s stock.

The charge for the year amounted to £2,937 (2020: £12,773).

The carrying amount of the liability is £nil (2020: £12,773).

#### **16 Parent and ultimate parent undertaking**

The Company is a wholly owned subsidiary undertaking of Verizon Connect Telo Inc., a company incorporated in the USA. The Company is a wholly owned indirect subsidiary of Verizon Communications Inc., a company incorporated in Delaware in the United States of America, whose principal place of business is 1095 Avenue of the Americas, New York, New York 10036 USA and is the ultimate parent undertaking and controlling party of the Company.

Verizon Communications Inc. is the ultimate parent company of the largest and smallest group in which the results of the Company are consolidated.

#### **17 Events since the balance sheet date**

There were no significant events after the end of the reporting period.