

Company registration number 14115273 (England and Wales)

**THE ONE TOUCH SWITCHING COMPANY LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## COMPANY INFORMATION

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### Directors

#### *Main board*

Mrs D Cheek  
Mr A M Glover  
Mr N J J Holland  
Mr S M Honap  
Mr J M Hornby  
Mr C A Pollack  
Ms J L Prowse  
Mr B P Shaw  
Ms G Ø Sørensen

#### *Alternate directors*

Mrs K Bowden  
Mr S A C Burckhardt  
Mr D M Dods  
Mrs A M Hoitink  
Mr A J Kernahan  
Mr M J Romer  
Mr M A Stephens

### Company number

14115273

### Registered office

Gresham House  
5-7 St Pauls Street  
Leeds  
LS1 2JG

### Auditors

Moore Kingston Smith LLP  
6th Floor  
9 Appold Street  
London  
EC2A 2AP

### Bankers

Metro Bank Plc  
One Southampton Row  
London  
WC1B 5HA

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# THE ONE TOUCH SWITCHING COMPANY LIMITED

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# THE ONE TOUCH SWITCHING COMPANY LIMITED

## STRATEGIC REPORT

**FOR THE PERIOD ENDED 31 MARCH 2023**

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The directors present the strategic report for the period ended 31 March 2023.

### **Review of the business**

In this first period of its operations, the Company's primary aim was to agree the specification of the technical architecture necessary to enable the "One Touch Switch" ("OTS") process for all affected communications providers. The Directors believe significant progress was made in this regard during the period.

### **Principal Activities**

The Company's purpose is to deliver switching processes for fixed voice and broadband services in the UK. The One Touch Switching Company Limited ("TOTSCo") will develop and operate a message-exchange platform ("the TOTSCo hub") that will be a central component of the OTS process for residential fixed voice and broadband customers.

In the period ended 31 March 2023 the Company's activities were focused on:

- Establishing the Company with the appropriate governance to manage transparently and fairly a complex cross-industry project while respecting the interests of all stakeholders.
- Securing the financing needed to meet the Company's objectives.
- Finalising and publishing the OTS Industry Process building on the work of industry groups prior to the Company's incorporation.
- Selecting a supplier to design, build and operate the TOTSCo hub.
- Building an executive team to achieve the purposes of the Company.

The Board recognises the contribution of all our stakeholders in the progress made during the period.

The next twelve months will be a crucial time in the delivery of OTS, as the hub technology is delivered and hub-users connect to it, test their own systems and processes against each other, and as the industry moves towards OTS go-live.

### **Key financial performance indicators**

The Company is in its development stage and its key metric currently is progress in the development and the delivery within budget of the TOTSCo hub.

We measure our progress in achieving our key objective of solution delivery against a number of financial and non-financial indicators, including user registration and utilisation rates, service desk statistics, costs compared to budget, monthly cash burn and loan facility headroom.

The Company will develop further key performance metrics when the OTS Service is live and self-funding.

### **General confirmation of Directors' duties**

The Board has a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its committees. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. The financial delegations schedule sets out the delegation and approval process across the business.

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members and stakeholders.

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 MARCH 2023**

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### Principal risks and uncertainties

We consider the following primary risks:

- Going Concern - The Company has a committed funding facility to enable the development of the TOTSCo hub. The company will generate income from early 2024 to finance its ongoing operations and enable repayment of the loans by their repayment date of October 2027, thereby ensuring the company is sustainable in the long-term.
- Delivery of the TOTSCo Hub - This is in development and has not yet been tested by hub users. A process to agree high level design and a programme plan are both in place and are reviewed regularly by the Board.
- Staff Recruitment and retention - The development relies on the ability to recruit and retain key personnel in a challenging market.
- Following a full procurement process, the design and delivery of the TOTSCo hub has been subcontracted to our technical partner. The Board has reviewed the risk of supplier failure which it considers minimal.
- Cyber Security - the Company does not currently have external facing systems but prior to go-live the Board will review its cyber security in terms of the protection of sensitive data and ensuring the appropriateness of its systems.

On behalf of the board

*Claudio Pollack*

.....  
Mr C A Pollack

Chair

05-Dec-2023

Date: .....

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 MARCH 2023

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The directors present their annual report and financial statements for the period ended 31 March 2023.

The Company was incorporated on 18 May 2022, and commenced trading on the same day. This is the Company's first period.

The results for the period are set out on page 10.

#### Directors

The board of Directors is composed of six Constituency Directors, two Independent Directors and the Independent Chair. Directors may appoint Alternate Directors to act in their absence. The Company's Articles of Association contain details of the composition and appointment of the board of Directors. The Directors who held office during the period and up to the date of signature of the financial statements are listed below.

#### Independent Directors appointments and resignations during the period

Mrs L D F Appleton (appointed 18 May 2022 and resigned 30 May 2022)  
Mr P C Brisby (appointed 18 May 2022 and resigned 30 May 2022)  
Mr S H Weeden (appointed 18 May 2022 and resigned 30 May 2022)  
Mr C A Pollack (Independent Chair, appointed 30 May 2022)

#### Constituency Directors appointments and resignations during the period

Mrs D A Cheek (Large Retail Providers, appointed 30 May 2022)  
Mr A M Glover (Small Retail Providers, appointed 30 May 2022)  
Mr N J J Holland (Business Focused Providers, appointed 30 May 2022)  
Mr J M Hornby (Medium Retail Providers, appointed 30 May 2022)  
Mr P Sifrim (Large Retail Providers, appointed 30 May 2022)  
Ms G Ø Sørensen (New Infrastructure Providers, appointed 30 May 2022)

#### Alternate Directors appointments and resignations during the period

Mrs A M Hoitink (appointed by Mr J M Hornby on 20 June 2022)  
Mrs K Bowden (appointed by Mr J M Hornby on 21 June 2022)  
Mr D M Dods (appointed by Ms G Ø Sørensen on 22 June 2022)  
Mr M J Romer (appointed by Ms G Ø Sørensen on 22 June 2022)  
Mr M A Stephens (appointed by Mrs D A Cheek on 6 July 2022)  
Mr B P Shaw (appointed by Mr P Sifrim on 17 June 2022)  
Mr P J Farmer (appointed by Mr N J J Holland on 19 July 2022)  
Mr A J Kernahan (appointed by Mr A M Glover on 22 July 2022)  
Mr L Turner (appointed by Mr N J J Holland on 28 July 2022)

#### Independent Director appointments and resignations after 31 March 2023

Mr S M Honap (appointed 1 September 2023)  
Ms J L Prowse (appointed 1 September 2023)

#### Constituency Director appointments and resignations after 31 March 2023

Mr P Sifrim (Large Retail Providers, resigned 30 June 2023)  
Mr B P Shaw (Large Retail Providers, appointed 30 June 2023)

#### Alternate Director appointments and resignations after 31 March 2023

Mr P J Farmer (resigned on 14 April 2023)  
Mr L Turner (resigned on 14 April 2023)  
Mr S A C Burckhardt (appointed by Mr N J Holland on 17 April 2023)  
Mr B P Shaw (resigned on 30 June 2023)  
Mr P Sifrim (appointed by Mr B P Shaw on 30 June 2023 and resigned on 17 September 2023)

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

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### Appointment of auditor

Moore Kingston Smith LLP were appointed as auditor in accordance with Section 485 of the Companies Act 2003. A resolution that they be re-appointed will be put at a General Meeting.

### Going concern

The Company was established by the telecommunications industry to enable communications providers to meet a regulatory obligation. Accordingly, the communications providers need the Company to be sustainable.

As anticipated, the Company incurred a loss in its first period of trading as it had no income. A further loss is anticipated in the year ending 31 March 2024. However, following extensive consultation with communications providers, the Company intends to start to invoice communications providers in early 2024 for services that support the 'OTS' Process and therefore will become revenue-generative in the year ending 31 March 2024.

In order to finance these initial losses and its ongoing set up and development costs, the Company secured long term funding from a number of communication providers to support its development stage. The loan facility is for a total of £8 million with an interest rate of SONIA (Sterling Overnight Index Average) plus 2.1%. It is repayable in full in October 2027. Monies can be drawn down on 14 days notice. Each drawdown must be for a minimum of £50,000. The outstanding amount is repayable every six months but at the same time a similar amount can be drawn down and, in these circumstances, no repayment needs to be made unless the new drawdown is less than the amount of the outstanding loan in which case the difference needs to be repaid. Accordingly, the substance of this agreement is that this is a long term loan repayable in full in October 2027. Amounts can be repaid at any time on giving notice of three business days. Each repayment must be for a minimum of £50,000 or the total amount outstanding if less than this.

At 31 March 2023 the Company had drawn down £1.2 million. At 31 October 2023, being the latest available management accounts, the Company had drawn down £4 million.

The Company's current forecast, both in terms of cash flow and profitability, show the Company will generate sufficient income to cover all its costs and generate a sufficient cash surplus to enable it to repay its long term loans in full by October 2027.

The Board reviews the Company's ability to operate as a going concern on a regular basis. The Board fully recognises its current net liability and negative reserve position as at 31 March 2023, which is in line with its initial business plan and which, as noted above, is funded by long term loans.

In the circumstances, the Directors are confident it is appropriate to prepare these accounts on a going concern basis.

### Statement of disclosure to auditor

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

Alternate directors are invited to attend board meetings when a main-board director is unable to attend.

On behalf of the board

*Claudio Pollack*

Mr C A Pollack

Chair

Date: 05-Dec-2023

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# THE ONE TOUCH SWITCHING COMPANY LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

*FOR THE PERIOD ENDED 31 MARCH 2023*

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE ONE TOUCH SWITCHING COMPANY LIMITED

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#### Opinion

We have audited the financial statements of The One Touch Switching Company Limited (the 'company') for the period ended 31 March 2023 which comprise the Profit and Loss Account, Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE ONE TOUCH SWITCHING COMPANY LIMITED

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

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

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

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE ONE TOUCH SWITCHING COMPANY LIMITED

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

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

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

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

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

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE ONE TOUCH SWITCHING COMPANY LIMITED

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#### **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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

#### **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.

Mital Shah

**Senior Statutory Auditor**

**For and on behalf of Moore Kingston Smith LLP**

05-Dec-2023  
Date: .....

Chartered Accountants

**Statutory Auditor**

6th Floor  
9 Appold Street  
London  
EC2A 2AP

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

*FOR THE PERIOD ENDED 31 MARCH 2023*

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	Notes	Period ended 31 March 2023 £
<b>Turnover</b>		-
Administrative expenses		(1,115,826)
<b>Operating deficit</b>	<b>3</b>	(1,115,826)
Interest payable and similar expenses	<b>7</b>	(25,216)
<b>Deficit before taxation</b>		(1,141,042)
Tax on deficit	<b>8</b>	-
<b>Deficit for the financial period</b>		(1,141,042)

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE PERIOD ENDED 31 MARCH 2023*

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	<b>Period ended 31 March 2023 £</b>
Deficit for the period	(1,141,042)
Other comprehensive income	-
<b>Total comprehensive income for the period</b>	<u><u>(1,141,042)</u></u>

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£
<b>Fixed assets</b>			
Tangible assets	9		11,224
<b>Current assets</b>			
Debtors	10	114,297	
Cash at bank and in hand		517,569	
		<u>631,866</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(566,755)</u>	
<b>Net current assets</b>			65,111
<b>Total assets less current liabilities</b>			<u>76,335</u>
<b>Creditors: amounts falling due after more than one year</b>	12		<u>(1,217,377)</u>
<b>Net liabilities</b>			<u><u>(1,141,042)</u></u>
<b>Reserves</b>			
Income and expenditure account			<u>(1,141,042)</u>
<b>Members' funds</b>			<u><u>(1,141,042)</u></u>

05-Dec-2023

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

*Claudio Pollack*

.....  
Mr C A Pollack  
Chair

Company registration number 14115273 (England and Wales)

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY

*FOR THE PERIOD ENDED 31 MARCH 2023*

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	<b>Income and expenditure £</b>
<b>Balance at 18 May 2022</b>	-
<b>Period ended 31 March 2023:</b>	
Loss and total comprehensive income for the period	(1,141,042)
<b>Balance at 31 March 2023</b>	<u>(1,141,042)</u>

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2023

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	Notes	2023 £	£
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	17		(661,958)
Interest paid			(25,216)
			<hr/>
<b>Net cash outflow from operating activities</b>			(687,174)
<b>Investing activities</b>			
Purchase of tangible fixed assets		(12,634)	
		<hr/>	
<b>Net cash used in investing activities</b>			(12,634)
<b>Financing activities</b>			
Proceeds from borrowings		1,217,377	
		<hr/>	
<b>Net cash generated from financing activities</b>			1,217,377
			<hr/>
<b>Net increase in cash and cash equivalents</b>			517,569
Cash and cash equivalents at beginning of period			-
			<hr/>
<b>Cash and cash equivalents at end of period</b>			517,569
			<hr/> <hr/>

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 MARCH 2023

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#### 1 Accounting policies

##### Company information

The One Touch Switching Company Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Gresham House, 5-7 St Pauls Street, Leeds, LS1 2JG.

##### 1.1 Accounting convention

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

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

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

##### 1.2 Going concern

The Company was established by the telecommunications industry to enable communications providers to meet a regulatory obligation. Accordingly, the communications providers need the Company to be sustainable.

As anticipated, the Company incurred a loss in its first period of trading as it had no income. A further loss is anticipated in the year ending 31 March 2024. However, following extensive consultation with communications providers, the Company intends to start to invoice communications providers in early 2024 for services that support the 'OTS' Process and therefore will become revenue-generative in the year ending 31 March 2024.

In order to finance these initial losses and its ongoing set up and development costs, the Company secured long term funding from a number of communication providers to support its development stage. The loan facility is for a total of £8 million with an interest rate of SONIA (Sterling Overnight Index Average) plus 2.1%. It is repayable in full in October 2027. Monies can be drawn down on 14 days notice. Each drawdown must be for a minimum of £50,000. The outstanding amount is repayable every six months but at the same time a similar amount can be drawn down and, in these circumstances, no repayment needs to be made unless the new drawdown is less than the amount of the outstanding loan in which case the difference needs to be repaid. Accordingly, the substance of this agreement is that this is a long term loan repayable in full in October 2027. Amounts can be repaid at any time on giving notice of three business days. Each repayment must be for a minimum of £50,000 or the total amount outstanding if less than this.

At 31 March 2023 the Company had drawn down £1.2 million. At 31 October 2023, being the latest available management accounts, the Company had drawn down £4 million.

The Company's current forecast, both in terms of cash flow and profitability, show the Company will generate sufficient income to cover all its costs and generate a sufficient cash surplus to enable it to repay its long term loans in full by October 2027.

The Board reviews the Company's ability to operate as a going concern on a regular basis. The Board fully recognises its current net liability and negative reserve position as at 31 March 2023, which is in line with its initial business plan and which, as noted above, is funded by long term loans.

In the circumstances, the Directors are confident it is appropriate to prepare these accounts on a going concern basis.

##### 1.3 Tangible fixed assets

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

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2023

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#### 1 Accounting policies

(Continued)

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

Computer equipment	33% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

#### 1.4 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2023

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#### 1 Accounting policies

(Continued)

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

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

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in surplus or deficit in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.7 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 2 Judgements and key sources of estimation uncertainty

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

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

### 3 Operating deficit

	<b>2023</b>
	<b>£</b>
Operating deficit for the period is stated after charging:	
Staff costs	238,428
Directors' costs	62,974
Temporary staff and subcontractors	361,065
Legal and professional fees	207,599
Consultancy fees	141,562
Fees payable to the Company's auditor for the audit of the Company's financial statements	20,000
Depreciation of owned tangible fixed assets	1,410
	<u>          </u>

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

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### 4 Employees

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

2023 Number
4

Their aggregate remuneration comprised:

	2023 £
Wages and salaries	273,506
Social security costs	27,580
Pension costs	764
	<u>301,850</u>

### 5 Directors' remuneration

2023 £
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Remuneration for qualifying services	<u>56,000</u>
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The above relates to the only director who received remuneration throughout the period.

### 6 Key Management Personnel compensation

Key management includes the directors and members of senior management.

During the period, the key management personnel received remuneration of £221,820, plus employer pension contributions of £660. Employers National Insurance of £29,149 was charged on the remuneration.

### 7 Interest payable and similar expenses

2023 £
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<b>Interest on financial liabilities measured at amortised cost:</b>	
Other interest on financial liabilities	<u>25,216</u>

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

### 8 Taxation

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

	<b>2023</b>
	<b>£</b>
Loss before taxation	(1,141,042)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(216,798)
Tax effect of expenses that are not deductible in determining taxable profit	285
Remeasurement of deferred tax for changes in tax rates	(68,373)
Movement in deferred tax not recognised	284,886
Taxation charge for the period	-

### 9 Tangible fixed assets

	<b>Computer equipment</b>
	<b>£</b>
<b>Cost</b>	
At 18 May 2022	-
Additions	12,634
At 31 March 2023	12,634
<b>Depreciation and impairment</b>	
At 18 May 2022	-
Depreciation charged in the period	1,410
At 31 March 2023	1,410
<b>Carrying amount</b>	
At 31 March 2023	11,224

### 10 Debtors

	<b>2023</b>
	<b>£</b>
<b>Amounts falling due within one year:</b>	
VAT recoverable	87,155
Prepayments and accrued income	27,142
	114,297

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

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

	<b>2023</b>
	<b>£</b>
Trade creditors	128,484
Taxation and social security	22,554
Accruals and deferred income	415,717
	<u>566,755</u>

### 12 Creditors: amounts falling due after more than one year

	<b>2023</b>
	<b>£</b>
	<b>Notes</b>
Other borrowings	<b>13</b>
	1,217,377
	<u>1,217,377</u>

### 13 Loans and overdrafts

	<b>2023</b>
	<b>£</b>
Other loans	1,217,377
	<u>1,217,377</u>
Payable after one year	1,217,377
	<u>1,217,377</u>

During the period, loans of £1,200,000 were received from lenders (note 16). The interest rate on these loans is at SONIA (Sterling Overnight Index Average) plus 2.1%. Accrued interest on this loan is included within the loan balance. The loans are not repayable until 2027.

### 14 Retirement benefit schemes

	<b>2023</b>
	<b>£</b>
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	764
	<u>764</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 15 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

### 16 Related party transactions

#### Transactions with related parties

The company entered into a number of transactions with related parties during the period, all of which were on an arm's length basis, as follows:

- The company paid £35,802 to Bridge Partners Limited in the period on computer hardware and IT support services. Andrew Glover is a director and shareholder of Bridge Partners Limited as well as being a director of the company.
- The company paid £57,600 to Abberton Consulting Limited for consulting services. Claudio Pollack is a director and shareholder of Abberton Consulting Limited as well as being a director of TOTSCo.
- The company has a revolving loan facility with British Telecommunications PLC, Sky UK Limited, VMED O2 UK Limited and Vodafone Limited, all of which are Members of the company (note 13). Interest is payable at SONIA (Sterling Overnight Index Average) plus 2.1%.

### 17 Cash absorbed by operations

	<b>2023</b>
	<b>£</b>
Deficit for the period after tax	(1,141,042)
<b>Adjustments for:</b>	
Finance costs	25,216
Depreciation and impairment of tangible fixed assets	1,410
<b>Movements in working capital:</b>	
Increase in debtors	(114,297)
Increase in creditors	566,755
<b>Cash absorbed by operations</b>	<u>(661,958)</u>

### 18 Analysis of changes in net debt

	<b>18 May 2022</b>	<b>Cash flows 31 March 2023</b>	
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	-	517,569	517,569
Borrowings excluding overdrafts	-	(1,217,377)	(1,217,377)
	<u>-</u>	<u>(699,808)</u>	<u>(699,808)</u>

**The following statement does not form part of the audited statutory  
financial statements of the company**

# THE ONE TOUCH SWITCHING COMPANY LIMITED

## DETAILED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MARCH 2023

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		Period ended 31 March 2023
	£	£
<b>Administrative expenses</b>		
Wages and salaries	217,506	
Social security costs	20,606	
Staff recruitment costs	16,500	
Staff training	400	
Staff pension costs defined contribution	764	
Directors' remuneration	56,000	
Directors' social security costs	6,974	
Temporary contract staff	377,565	
Premises insurance	886	
Computer running costs	30,042	
Travelling expenses	1,110	
Postage, courier and delivery charges	237	
Professional subscriptions	1,569	
Legal and professional fees	207,599	
Consultancy fees	141,562	
Accountancy	33,605	
Bank charges	216	
Printing and stationery	13	
Telecommunications	262	
Sundry expenses	1,000	
Depreciation	1,410	
	<hr/>	<hr/>
		(1,115,826)
<b>Operating deficit</b>		(1,115,826)
<b>Interest payable and similar expenses</b>		
Non bank interest on loans		(25,216)
		<hr/>
<b>Deficit before taxation</b>		(1,141,042)
		<hr/> <hr/>

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