

Company registration number 14115273 (England and Wales)

THE ONE TOUCH SWITCHING COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

THE ONE TOUCH SWITCHING COMPANY LIMITED

COMPANY INFORMATION

Directors

Main board

Mrs D A Cheek
Mr J J R Chelot
Mr A M Glover
Ms A M Hoitink
Mr N J J Holland
Mr S M Honap
Mr C A Pollack
Ms J L Prowse
Mr B P Shaw

Alternate Directors

Ms A B Baide
Mr S A C Burckhardt
Mr D M Dods
Mr A J Kernahan
Mr D J Rodman
Mr M A Stephens
Mr W I Wadsworth

All directors of the Company are non-executive directors.

Secretary

R D Jex

Company number

14115273

Registered office

Gresham House
5 - 7 St Paul 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

Lloyds Bank
48 High Street
Newmarket
CB8 8LF

THE ONE TOUCH SWITCHING COMPANY LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 9
Profit and loss account	10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15 - 25

THE ONE TOUCH SWITCHING COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The Directors present the strategic report for the year ended 31 March 2024.

Review of the business

The Directors believe that during the year the Company made substantial progress in achieving its purpose of introducing switching processes for fixed voice and broadband services for residential consumers.

During the year, the Company contracted with a technical partner for design and build of The One Touch Switching Company ("TOTSCo") hub and associated services. By the end of the year, delivery was substantially complete, and the support services were in place.

Hub users onboarded during the year, and commenced end-to-end One Touch Switch ("OTS") process testing including use of the hub for message exchanging, and TOTSCo began charging customers from January 2024.

During the year TOTSCo announced a planned go-live date for OTS of March 2024. Following a need to complete more comprehensive testing OTS went live on 12th September 2024.

Principal Activities

The Company's purpose is to deliver switching processes for fixed voice and broadband services in the UK. TOTSCo operates 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 year ended 31 March 2024 the Company's activities were focused on:

- Completing delivery of the technical infrastructure to enable OTS
- Facilitating the OTS end-to-end test process based on agreed criteria
- Developing and seeking approval of user agreements including managed access service providers
- Providing stakeholder support

Key Performance Indicators

The Company is in its development stage and its key metric currently is progress in the functional delivery of the technology hub that supports the 'One Touch Switch Process' against the functional requirements and budget specified by its members. The functional requirements were delivered to enable members to test and at a level below the budget specified. No other specific financial or non-financial metrics were set. In the development phase TOTSCo has spent £1,693,268 up to the balance sheet date.

As the organisation moves to its live phase the following will be key metrics:

- Meeting the agreed budgets set in agreement with our board including the management of cash reserves against its defined working capital policy
- Functional efficacy measured through hub availability and the number and nature of critical faults raised and the service level achieved in remedy
- Moving to a fully self-funded model through the repayments of loan funding.

TOTSCo, as an embryonic organisation will, in consultation with its members and board continue to develop both financial and non-financial metrics.

Future Developments

Developments of the functionality will be defined by either legislative requirements or the needs of members. In the context of the current membership base this is likely to be minimal.

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 YEAR ENDED 31 MARCH 2024

Principal risks and uncertainties

We consider the following primary risks:

- Cyber Security – the risk that the Company is subject to a cyber-attack resulting in its operational capability being reduced or the leakage of information considered commercially sensitive. The Board regularly reviews the controls in place and considers them sufficient.
- Going Concern – the risk that the Company is not able to continue as a Going Concern. The Board regularly review financial forecasts to ensure that the Company is able to meet all its liabilities as they fall due. The Company started generating revenue in January 2024, as projected, thereby reducing the assessed Going Concern risk. Furthermore, the Company has committed long-term funding from a number of communications providers, The Board considers the risk of the Company not continuing as a Going Concern to be low.
- Dependency on Software Supplier - the risk that the primary software supplier enabling OTS suffers financial difficulties and is unable to support continued operations. This is continually reviewed and currently presents minimal risk.
- Staff Recruitment and Retention - to support its current and future operating models. The Board has detailed and appropriate plans and internal policies to recruit and retain staff.

On behalf of the board

Mr C A Pollack
Director & Chair

30 October 2024

THE ONE TOUCH SWITCHING COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The Directors present their annual report and financial statements for the year ended 31 March 2024. The Company was incorporated on 18 May 2022, and commenced trading on the same day. This is the Company's second period. The accompanying financial statements present the results for the year ended 31 March 2024, and the comparative results for the period from 18 May 2022 to 31 March 2023. Consequently, the presented financials are not directly comparable, given the time periods presented.

Principal activities

The principal activity of the Company is the provision of technical services to the telecommunications industry.

Results and dividends

The results for the year 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 year and up to the date of signature of the financial statements are listed below.

Independent Directors in office, and appointments and extensions during the year

Mr CA Pollack (Independent Chair, appointed 30 May 2022, extended 2 May 2023)
Mr S M Honap (appointed 1 September 2023)
Ms J L Prowse (appointed 1 September 2023)

Constituency Directors in office, and appointments, resignations and extensions during the year

Ms D A Cheek (Large Retail Providers, appointed 30 May 2022)
Mr A M Glover (Small Retail Providers, appointed 30 May 2022; extended 30 November 2023)
Mr N J J Holland (Business Focused Providers, appointed 30 May 2022; extended 30 November 2023)
Ms G Ø Sørensen (New Infrastructure Providers, appointed 30 May 2022)
Mr P Sifrim (Large Retail Providers, resigned 30 June 2023)
Mr B P Shaw (Large Retail Providers, appointed 30 June 2023)
Mr J M Hornby (Medium Retail Providers, resigned 31 March 2024)
Ms A M Hoiink (Medium Retail Providers, appointed 31 March 2024)

Alternate Directors in office, and appointments and resignations during the year

Mr A J Kernahan (appointed by Mr A M Glover on 22 July 2022)
Mr M A Stephens (appointed by Mrs D A Cheek on 6 July 2022)
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)
Mr D J Rodman (appointed by Mr B P Shaw on 1 December 2023)
Ms A M Hoiink (resigned on 31 March 2024)
Mrs K Bowden (resigned on 31 March 2024)

Constituency Director appointments and resignations after 31 March 2024

Ms G Ø Sørensen (New Infrastructure Providers, resigned 16 April 2024)
Mr J R R Chelot (New Infrastructure Providers, appointed 16 April 2024)

Alternate Director appointments and resignations after 31 March 2024

Mr M J Romer (resigned on 16 April 2024)
Mr D M Dods (appointed by Ms G Ø Sørensen on 22 June 2022; resigned on 16 April 2024; reappointed by Mr J R R Chelot on 7 May 2024)
Ms A B Baide (appointed by Ms AM Hoiink on 8 May 2024)
Mr W I Wadsworth (appointed by Mr J R R Chelot on 20 June 2024)

THE ONE TOUCH SWITCHING COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Going Concern

In accordance with their responsibility as Directors, the Directors have conducted a thorough review of the Company's ability to continue as a going concern.

The current financial forecasts and projections indicate that there are no material uncertainties that might cast doubt on the Company's ability to continue as a going concern. In particular, the Directors have taken into account the following considerations in our assessment:

- **Revenue Generation:** It is noteworthy that the Company commenced generating revenue at the start of 2024, thereby contributing to the stability of its financial position.
- **Committed Funding:** The organisation has committed long-term funding from a number of communications providers. The facility, which is for a total of £8 million, is repayable in October 2027 and bears interest at SONIA (Sterling Overnight Index Average) plus 2.1%. As at 31st March 2024, the Company had drawn down £6 million against the facility. At October 2024, being the latest available management accounts, the Company had drawn down £6.2 million. The Company's current forecasts of cashflow and profitability indicate that it will generate sufficient income to cover its costs and generate a sufficient cash surplus to repay its debt facility in full by October 2027.

Based on the information available and considering the above factors, the Directors conclude that there is a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. Therefore, the going concern basis of accounting continues to be appropriate in preparing the financial statements.

The Directors will continue to closely monitor the Company's financial position and performance, along with external market conditions, to ensure the continued applicability of the going concern assumption in future periods.

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. Details of this arrangement can be found in the Company's Articles of Association.

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board

Mr C A Pollack
Director

30 October 2024

THE ONE TOUCH SWITCHING COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors 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

Opinion

We have audited the financial statements of The One Touch Switching Company Limited (the 'Company') for the year ended 31 March 2024 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 2024 and of its loss 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. 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 Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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

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 and 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, the Directors are responsible for the preparation of the annual report and 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

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

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.

Jonathan Roberts

Senior Statutory Auditor

For and on behalf of Moore Kingston Smith LLP

30 October 2024

Chartered Accountants

Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

THE ONE TOUCH SWITCHING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Year ended 31 March 2024 £	Period ended 31 March 2023 £
Turnover	3	1,648,440	-
Cost of sales		(715,118)	-
Gross surplus		<u>933,322</u>	<u>-</u>
Administrative expenses		(3,335,978)	(1,115,826)
Operating deficit	4	<u>(2,402,656)</u>	<u>(1,115,826)</u>
Interest receivable and similar income	8	6,429	-
Interest payable and similar expenses	9	(259,497)	(25,216)
Deficit before taxation		<u>(2,655,724)</u>	<u>(1,141,042)</u>
Tax on deficit	10	-	-
Deficit for the financial year/period		<u><u>(2,655,724)</u></u>	<u><u>(1,141,042)</u></u>

There was no other comprehensive income for 2024 (2023:£NIL)

The notes on pages 15 to 25 form part of these financial statements.

THE ONE TOUCH SWITCHING COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Year ended 2024 £	Period ended 2023 £
Deficit for the year	(2,655,724)	(1,141,042)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(2,655,724)</u>	<u>(1,141,042)</u>

The notes on pages 15 to 25 form part of these financial statements.

THE ONE TOUCH SWITCHING COMPANY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	£	2024 £	£	2023 £
Fixed assets					
Intangible assets	11		1,693,268		-
Tangible assets	12		14,560		11,224
			<u>1,707,828</u>		<u>11,224</u>
Current assets					
Debtors	13	3,486,644		114,297	
Cash at bank and in hand		1,395,586		517,569	
		<u>4,882,230</u>		<u>631,866</u>	
Creditors: amounts falling due within one year	14	<u>(4,280,552)</u>		<u>(566,755)</u>	
Net current assets			<u>601,678</u>		<u>65,111</u>
Total assets less current liabilities			<u>2,309,506</u>		<u>76,335</u>
Creditors: amounts falling due after more than one year	15		<u>(6,106,272)</u>		<u>(1,217,377)</u>
Net liabilities			<u>(3,796,766)</u>		<u>(1,141,042)</u>
Reserves					
Income and expenditure account			<u>(3,796,766)</u>		<u>(1,141,042)</u>
Members' funds			<u>(3,796,766)</u>		<u>(1,141,042)</u>

The notes on pages 15 to 25 form part of these financial statements.

The financial statements were approved by the board of Directors and authorised for issue on 30 October 2024 and are signed on its behalf by:

Mr C A Pollack
Director

Company registration number 14115273 (England and Wales)

THE ONE TOUCH SWITCHING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Income and expenditure £
Balance at 18 May 2022	-
Period ended 31 March 2023:	
Deficit and total comprehensive income	(1,141,042)
	<hr/>
Balance at 31 March 2023	(1,141,042)
Year ended 31 March 2024:	
Deficit and total comprehensive income	(2,655,724)
	<hr/>
Balance at 31 March 2024	(3,796,766)
	<hr/> <hr/>

The notes on pages 15 to 25 form part of these financial statements.

THE ONE TOUCH SWITCHING COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024		2023	
		£	£	£	£
Cash flows from operating activities					
Cash flows used in operating activities	20	(2,054,265)		(661,958)	
Interest paid		(170,602)		(25,216)	
Net cash outflow from operating activities		(2,224,867)		(687,174)	
Investing activities					
Purchase of intangible assets		(1,693,268)		-	
Purchase of tangible fixed assets		(10,277)	(12,634)		
Interest received		6,429		-	
Net cash used in investing activities		(1,697,116)		(12,634)	
Financing activities					
Proceeds from borrowings		4,800,000	1,217,377		
Net cash generated from financing activities		4,800,000		1,217,377	
Net increase in cash and cash equivalents		878,017		517,569	
Cash and cash equivalents at beginning of year		517,569		-	
Cash and cash equivalents at end of year		1,395,586		517,569	

The notes on pages 15 to 25 form part of these financial statements.

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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 Paul Street, Leeds, LS1 2JG.

1.1 Reporting period

The accompanying financial statements present the results for the year ended 31 March 2024, and the comparative results for the period from 18 May 2022 to 31 March 2023. Consequently, the presented financials are not directly comparable, given the time periods presented.

1.2 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.

1.3 Going concern

In accordance with their responsibility as Directors, the Directors have conducted a thorough review of the Company's ability to continue as a going concern.

The current financial forecasts and projections indicate that there are no material uncertainties that might cast doubt on the Company's ability to continue as a going concern. In particular, the Directors have taken into account the following considerations in our assessment:

- Revenue Generation: It is noteworthy that the Company commenced generating revenue at the start of 2024, thereby contributing to the stability of its financial position.
- Committed Funding: The organisation has committed long-term funding from a number of communications providers. The facility, which is for a total of £8 million, is repayable in October 2027 and bears interest at SONIA (Sterling Overnight Index Average) plus 2.1%. As at 31st March 2024, the Company had drawn down £6 million against the facility. At October 2024, being the latest available management accounts, the Company had drawn down £6.2 million. The Company's current forecasts of cashflow and profitability indicate that it will generate sufficient income to cover its costs and generate a sufficient cash surplus to repay its debt facility in full by October 2027.

Based on the information available and considering the above factors, the Directors conclude that there is a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. Therefore, the going concern basis of accounting continues to be appropriate in preparing the financial statements.

The Directors will continue to closely monitor the Company's financial position and performance, along with external market conditions, to ensure the continued applicability of the going concern assumption in future periods.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The Company invoices for unit charges and subscription fees in advance. These amounts are initially recorded as deferred income within liabilities on the balance sheet and recognised as turnover over the period to which they relate. Revenue is recognised on a straight-line basis.

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.5 Research and development expenditure

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if, and only if, certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The company's identifiable software development costs are capitalised to the extent that the technical, commercial and financial feasibility has been demonstrated. Subsequently, these capitalised software development costs are amortised to 'administrative expenses' on a straight line basis over their expected useful economic lives. Amortisation begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by management.

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project. If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

1.6 Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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 and commences when the asset is brought into use:

Software	Not yet amortised.
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1.7 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.

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.

1.8 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible 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.

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

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.

1.9 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.

1.10 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.

Basic financial assets

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade debtors and creditors. These are measured at amortised cost and are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

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.

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

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.

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.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

1.12 Retirement benefits

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

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.

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

2 Judgements and key sources of estimation uncertainty

(Continued)

The judgements (apart from those involving estimates) that management has made in the process of applying the Company's accounting policies are as follows:

- Recoverability of trade receivables. Trade debtors are measured at transaction price less any impairment. Judgement is required from management in assessing any impairment associated with trade debtor balances. This is applied by management using their knowledge of the business and its customers, the age of the debt, and the credit profile of the customers.
- Depreciation and amortisation rates of tangible and intangible fixed assets. Fixed assets are valued at cost less accumulated depreciation and amortisation charged. Judgement is required from management in assessing the economical life of the assets. This is applied by management using their knowledge of the business and usual market conditions.
- Software development cost capitalisation and impairment considerations. This includes determining whether the conditions for software development cost capitalisation have been met. Development costs are capitalised when it has been determined that;
 - the technical feasibility of completing the development project is demonstrated, enabling it to be used or sold;
 - the Company intends to complete the development and has the ability to do so;
 - it is probable that the developed asset will generate future economic benefits, either through use or sale;
 - adequate technical, financial, and other resources are available to complete the development; and,
 - the costs attributed to the development can be measured reliably.

Management also concludes on the appropriate cut-off period from the initial research phase, in which costs are not capitalised and are expensed as incurred. Subsequent consideration of indicators of impairment of these intangible assets included assessment of the market for the company's services which continues to grow, driving profitability and will result in positive cash flows, and therefore concluded that no impairment is appropriate. Other factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

3 Turnover and other revenue

	2024	2023
	£	£
Turnover analysed by class of business		
Membership sales	2,850	-
Subscription fees	1,050	-
Unit charges	1,644,540	-
	<u>1,648,440</u>	<u>-</u>
	2024	2023
	£	£
Other revenue		
Interest income	6,429	-
	<u>6,429</u>	<u>-</u>

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

4 Operating deficit

	2024	2023
	£	£
Operating deficit for the year is stated after charging:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	22,000	20,000
Depreciation of owned tangible fixed assets	6,941	1,410
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including three Directors) remunerated by the Company during the year was:

	2024	2023
	Number	Number
	8	4
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2024	2023
	£	£
Wages and salaries	637,421	273,506
Social security costs	73,444	27,580
Pension costs	16,225	764
	<u> </u>	<u> </u>
	727,090	301,850
	<u> </u>	<u> </u>

6 Directors' remuneration

	2024	2023
	£	£
Remuneration for qualifying services	138,000	56,000
	<u> </u>	<u> </u>

This relates to the three non executive remunerated directors.

7 Key Management Personnel compensation

Key management includes the Directors and members of senior management.

During the period, the key management personnel received remuneration of £473,000 (2023: £221,820), plus employer pension contributions of £6,346 (2023: £660). Employers National Insurance of £60,043 (2023: £29,149) was charged on the remuneration.

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

8	Interest receivable and similar income	2024	2023
		£	£
	Interest income		
	Interest on bank deposits	6,429	-
		<u>6,429</u>	<u>-</u>

9	Interest payable and similar expenses	2024	2023
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Related party interest on financial liabilities	259,497	25,216
		<u>259,497</u>	<u>25,216</u>

10 Taxation

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

	2024	2023
	£	£
Deficit before taxation	(2,655,724)	(1,141,042)
	<u>(2,655,724)</u>	<u>(1,141,042)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 19.00%)	(663,931)	(216,798)
Tax effect of expenses that are not deductible in determining taxable profit	497	285
Remeasurement of deferred tax for changes in tax rates	-	(68,373)
Movement in deferred tax not recognised	663,434	284,886
	<u>663,434</u>	<u>284,886</u>
Taxation charge for the year	-	-
	<u>-</u>	<u>-</u>

11 Intangible fixed assets

	Software
	£
Cost	
At 1 April 2023	-
Additions	1,693,268
	<u>1,693,268</u>
At 31 March 2024	1,693,268
	<u>1,693,268</u>
Amortisation and impairment	
At 1 April 2023 and 31 March 2024	-
	<u>-</u>
Carrying amount	
At 31 March 2024	1,693,268
	<u>1,693,268</u>
At 31 March 2023	-
	<u>-</u>

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

11 Intangible fixed assets (Continued)

12 Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2023	12,634
Additions	10,277
At 31 March 2024	22,911
Depreciation and impairment	
At 1 April 2023	1,410
Depreciation charged in the year	6,941
At 31 March 2024	8,351
Carrying amount	
At 31 March 2024	14,560
At 31 March 2023	11,224

13 Debtors

	2024	2023
Amounts falling due within one year:	£	£
Trade debtors	2,948,970	-
Other debtors	-	87,155
Prepayments	537,674	27,142
	3,486,644	114,297
	3,486,644	114,297

14 Creditors: amounts falling due within one year

	2024	2023
Notes	£	£
Trade creditors	1,691,716	128,484
Taxation and social security	258,146	22,554
Deferred income	1,645,590	-
Other creditors	12,399	-
Accruals	672,701	415,717
	4,280,552	566,755
	4,280,552	566,755

Deferred income represents unit charges and subscription fees invoiced but not yet recognised as revenue, and is released to turnover on a straight-line basis over the period to which the fees relate.

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

15 Creditors: amounts falling due after more than one year

	Notes	2024 £	2023 £
Related party borrowings	16	6,106,272	1,217,377

16 Loans and overdrafts

	2024 £	2023 £
Related party loans	6,106,272	1,217,377
Payable after one year	6,106,272	1,217,377

During the period, loans of £4,800,000 were received from lenders (note 19). 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.

17 Retirement benefit schemes

	2024 £	2023 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	16,225	764

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.

18 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. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation.

THE ONE TOUCH SWITCHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

19 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 was invoiced £63,394 (2023: £35,802) in the period by Bridge Partners Limited for computer hardware and IT support services. Andrew Glover, a Director of the Company, was both a shareholder in and served as a Director of Bridge Partners Limited until 5th March 2024 but no longer retains any material financial interest.
- The company paid £nil (2023: £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 paid £2,750 (2023: £nil) to Glovertch Limited in the period on consultancy services. Andrew Glover is a Director and shareholder of Glovertch Limited as well as being a Director of the Company.
- The Company has access to a revolving loan facility of £8,000,000 with British Telecommunications PLC, Sky UK Limited, VMED O2 UK Limited and Vodafone Limited, all of which are Members of the Company (note 16). Interest is payable at SONIA (Sterling Overnight Index Average) plus 2.1%.

20 Cash flows from Operating Activities

	2024	2023
	£	£
Deficit for the year after tax	(2,655,724)	(1,141,042)
Adjustments for:		
Finance costs	259,497	25,216
Interest income	(6,429)	-
Depreciation and impairment of tangible fixed assets	6,941	1,410
Movements in working capital:		
Increase in debtors	(3,372,347)	(114,297)
Increase in creditors	2,068,207	566,755
Increase in deferred income	1,645,590	-
Cash flows used in operating activities	(2,054,265)	(661,958)

21 Analysis of changes in net debt

	1 April 2023	Cash flows	31 March 2024
	£	£	£
Cash at bank and in hand	517,569	878,017	1,395,586
Borrowings excluding overdrafts	(1,217,377)	(4,888,895)	(6,106,272)
	<u>(699,808)</u>	<u>(4,010,878)</u>	<u>(4,710,686)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.