

Toople Plc
Annual Report & Accounts
for the year ended
30 September 2016

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Company Information	1
Chairman's Statement.....	2
Chief Executive Officers Review	3
Board of Directors and Senior Management.....	7
Directors Report	9
Strategic Report	12
Governance Report.....	15
Remuneration Committee Report	20
Audit Committee Report.....	26
Independent auditor's report to the members of Toople Plc	28
Consolidated statement of comprehensive income	31
Consolidated statement of financial position.....	32
Consolidated statement of changes in equity.....	33
Consolidated statement of cash flows.....	35
Notes to the consolidated financial statements	36
Company statement of financial position	50
Company statement of changes in equity	51
Company statement of cash flows	52
Notes to the Company financial statements.....	53

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Company Information

Directors

Richard Horsman (Chairman & Non-Executive Director)
Geoffrey Wilson (Non-Executive Director)
Andrew Hollingworth (Chief Executive Officer)
Neil Taylor (Chief Financial Officer)

Company Secretary

WKH Company Secretary Services

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Registered Number

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Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Chairman's Statement

I am pleased to announce the maiden annual results of the Company following its successful admission to the Main Market on 10 May 2016.

The year to 30 September 2016 saw the formation of the Toople Plc Group of companies, following the acquisition of the business of Toople.com in April 2016. This initial period has very much been about validating the Toople concept and the market opportunity, together with assessing the market's willingness to accept a new brand. We are pleased with the results of this process, which has given the Board confidence that there is a real opportunity for a Company such as Toople to build a profitable and cash generative business in the Small Business Sector. Furthermore, the experience gained during the period endorses the Board's belief that the business can deliver strong growth without significantly increasing its direct cost base.

As a result of this activity, it is pleasing to note that the Company delivered strong trading growth in the second half of the year, with revenue growth of 38% compared to the first half of the year. This growth was driven by both the consolidation of the wholesale business and the acquisition of the first SME customers.

Following admission to the market, the initial phase of targeted digital marketing proved to be too competitive and so far, more expensive than anticipated. Management enacted a number of demand generation campaigns in order to determine the most effective method to balance customer acquisition costs relative to the investment and customer lifetime value. The Board is highly cognizant of the need to balance customer acquisition against upfront cash investment and long-term sustainable profitability.

Since the year end, our finessed digital marketing strategy has resulted in consistent new customer growth. The breadth of our portfolio is also driving additional "bolt-on" product sales, which is expected to lead to further half on half revenue growth during 2017.

The year under review has involved a huge amount of sustained activity from management and staff alike. We have gained admission to the Main Market, built the capability of the business, launched the brand, and acquired customers. The Board would therefore like to thank everyone involved for their hard work and contribution during this time.

Richard Horsman

Non-Executive Chairman

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Chief Executive Officer's Review

Introduction

During the course of the year, the Group has progressed towards its strategic ambition of becoming the UK's leading provider of bespoke telecom services to UK SMEs.

Since going live in the market less than six months ago, progress has been encouraging, and gives the Board confidence that the Company will deliver further growth in the coming months. Revenue grew to £555,140 in the second half of the year, representing a 38% increase on H1, with customer numbers continuing to grow during H1 of 2017.

As at February 2016, there were around 5.4 million SME businesses in the UK. Of these, more than 5 million (96%) fall into the category of having less than 50 employees: this group represents the Group's Target Market. BT are the largest telecoms provider, receiving nearly 50% of the total market fixed line revenues. The Board believes that this market size and share represents a significant opportunity, with early trading suggesting that Toople's brand, price, and approach can be successful.

Strategy and business overview

The Group provides a range of telecoms services primarily targeted at the UK SME market. Its services offered include business broadband, fibre, data services (Ethernet First Mile and Ethernet), business mobile phones, cloud PBX and traditional services (calls and lines), all of which are delivered and managed through Merlin, the Group's proprietary software platform.

The Directors believe that the Merlin platform is a key differentiator for the Group. Merlin provides an end-to-end automated process that allows customers to place orders easily, and enables the business to grow its customer base, without the need to scale expensive resources.

As a result of the in-house Merlin capability, Toople can be very agile in the market. The business had initially assumed that its margins would largely be driven by customers purchasing broadband and calls. Whilst this remains true, the business has also recognised the high-growth, profitable market opportunity that Hosted telephony is fast becoming. Accordingly, the Company has recently brought its global Broad cloud platform to market, with its first customers already signed up.

The market opportunity for Hosted telephony is supported by the latest forecasts from Gartner, Inc., which projects the worldwide public cloud services market to be worth \$208.6 billion in 2016*. *Gartner, Inc.: Forecast Analysis: Public Cloud Services, Worldwide, 2Q16 Update Report.

Financial summary

The financial results for the year ended 30 September 2016 include the full year financial results for the operating companies acquired by Toople Plc in April 2016. Revenue for the year ended 30 September 2016 was £957,749, which generated a Gross Margin of £77,641 (8.1%), recognising the predominance of wholesale revenues across the full year period. Operating Losses were £1,714,559 and Losses before Taxation of £1,733,578. Loss per share was 2.76p. This includes pre-admission costs in the subsidiaries.

At 30 September 2016, the Group had cash balances totaling £743,824. Cash raised on admission was £2m: this funded the one-off cost of admission to the market, £0.343m (including £0.080m recognised in share premium in the year); the repayment of a short-term loan to David Breith, £0.065m; and the repayment of the overdraft in the subsidiary businesses, £0.103m. The residual cash balance of £1.489m has been utilised in the business to fund working capital and to make investments in building the brand, acquiring customers and increasing the capability of the business.

At 30 September 2016, the Group was partially financed by loans from David Breith, a major shareholder. The loans cannot be recalled until the third anniversary of the agreement, and after this date only if the Board consider the Company to be in a position to service the debt.

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Chief Executive Officer's Review (continued)

Operational update

Henry Howard Finance Agreements

In May, the Group announced an agreement with Henry Howard Finance plc ("HHF"), to facilitate the launch of its mobile phone offering, without the need for a large, and risky, cash outlay to fund handsets. Since then, the favourable commercial terms the Company has with its suppliers, has changed the funding model, so that the Company retains the risk and cashflow benefits, without the need to use the HHF facility.

Increased mobile network propositions

Also in May, the Company added both O2 and Vodafone to the networks supporting its mobile offering on 4G capability, to complement its existing EE services. This was 5 months ahead of the original target date, allowing the Company to launch its mobile propositions earlier than planned. The Company's mobile propositions are aligned with Toople's values, offering highly competitive fixed price calls, texts and data bundles, to SMEs.

Post period update

Customer numbers

Since launch, the Company has been steadily increasing the number of customers it attracts to its platform, with orders across all its channels steadily increasing, reaching over 200 new orders on average per month, since market entry up to 31st December 2016. The Directors are targeting an increased average monthly order rate during 2017.

As the business grows, absolute customer numbers will become a less relevant metric due to the increase in the number of customers taking more than one product. Going forward, the Company believes it is appropriate to report on Revenue Generating Units ("RGUs"), which will represent the number of individual services that result in recurring billable revenue and margin. This can encompass telephone lines; broadband lines, data lines, sim cards and hosted seats. This performance measure is in line with industry standards.

Marketing opportunities

The management team continues to use its telecoms experience to identify marketing opportunities that it considers to offer the best return on investment. The current cost of customer acquisition ranges between £40 and £91 per customer. The Company expects to achieve a 30% margin over the contract life of a typical customer. The majority of customer contracts are 24 months on broadband and mobile and 36 months on hosted telephony

Comparison site recognition

Toople has been accredited by more than 30 of the UKs biggest business-to-business cashback and comparison sites, with the most notable listings on; uSwitch, Quidco, Topcashback, Money Supermarket and Broadband Genie. Orders online and over the phone have already started to be received through these websites. Brand presence on these sites will also drive overall brand recognition for the Company resulting in organic brand search achieving lower customer acquisition costs overall.

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Chief Executive Officer's Review (Continued)

Customer service

Customer service is central to Toople's strategy and Toople.com aims to attract and retain its customers by delivering "right first time" UK based customer service. It is therefore pleased to have achieved an average customer satisfaction score of 8.5 out of 10 via Trustpilot, which is significantly higher than the average scores achieved by the leading companies operating in the sector. Customer experience is critical to delivering best in class retention rates: and as customer contracts mature, provides the Company the best opportunity to sell more than one product to re-contracting customers.

Wholesale customers

In addition to its SME customer base, the Group provides telecoms services (minutes, lines, broadband, cloud PBX) and billing functionality, through the Company's bespoke telecoms platform, Merlin, to a number of wholesale customers. These services are provided on a license fee and provision agreement.

There continues to be a number of orders for these services, and whilst the wholesale market is not the strategic focus of the Company, it will continue to monitor and review potential opportunities for revenue and margin growth going forward.

Senior management changes

On 21 November, 2016, Mark Evans was appointed Chief Operating Officer, having joined Toople shortly after admission. Mark had been leading the Company's digital channel sales and contact centre strategy since launch.

With more than 14 years' industry experience and having previously held senior positions at O2, Mark now leads the Toople customer engagement functions both from a people, software and channel marketing perspective. Mark and the team are focused on ensuring the Group's back office process is best in class and delivering a great customer experience to small businesses.

Telephony Service Launch

In H1 2017 the Company launched a new cloud business telephony service for its SME target market, and wholesale customers. The two simple propositions: Toople.com Classic and Toople.com Premium, provide an efficient way for small businesses to have a reliable, maintenance free phone system that requires minimum capital expenditure and no advance payment.

These products can be ordered on line or over the phone, with unlimited calls bundles for a fixed monthly fee and come with the handset included in the seat price. Toople.com Premium provides customers with full phone system functionality and mobility via an additional IOS or Andriod app on their mobile, tablet or laptop. Customers will be able to take their office with them on any device, ensuring they never miss a call.

The services also offer the added ability to cross sell and up sell into the existing customer base, which the business is already seeing early signs of success with.

The launch of Toople's business phone systems enables the Company to deliver complete unified communications to its small business customers. The Company believes this service will become an increasingly important part of its proposition mix, being a great value-add for existing customers, and a key driver for new customer acquisition with good margin and cash generation for the Company.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Chief Executive Officer's Review (Continued)

Merlin platform

The integration of the Group's proprietary bespoke telecoms platform, Merlin, into the business has been completed. Toople continues to own the full Intellectual Property Rights for the platform.

EU Referendum / Brexit

Whilst the process to leave the EU will provide a period of uncertainty for UK small businesses, the Company believes that Toople's transparency, fixed prices and service levels will continue to appeal to business owners.

Ofcom regulation

Ofcom's plans to close the gap in fibre deployment between the UK and some continental European countries, in order to ensure everyone has the right to request service of 10 megabits per second by 2020, is fully supported by the Board. The Board considers the proposed changes to BT Group Plc's network to ease access for competitors, to be an opportunity for a new company to enter and establish itself in the UK market. Toople believes it will give transparency for infrastructure investment, R&D and a cost base equitable to all service providers. However, there is still a way to go to guarantee the speeds that countries such as Spain and Japan deliver.

Toople will remain a strong voice within the UK SME regulatory and legislative environment, its core customer segment.

Prospects

While it is still early days for the Company, its performance thus far is encouraging. The upward trend in orders and revenue demonstrates that the SME market is prepared to accept a new brand and Toople remains well placed to take advantage of the market opportunity that exists, with its competitive propositions in broadband, mobile, and increasingly, Hosted telephony. The Toople brand and its associated values is now successfully launched in the market, and the Board believes it will generate future growth. The Company will always follow a profitable market share growth strategy rather than just market share at all costs.

My thanks go to customers, shareholders, and most importantly the team here at Toople for what has been delivered so far.

Andrew Hollingworth

Chief Executive Officer

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Board of Directors and Senior Management

Richard Horsman, Non-Executive Chairman

Mr. Horsman was senior independent Non-Executive Director of Plethora Solutions Holdings Plc between early 2011 and mid-2013 and previously CEO of Cybit Holdings plc, both admitted to trading on the AIM market of the London Stock Exchange. During his tenure at Cybit the company grew, from inception, to revenues of £25 million and went through multiple acquisitions. In January 2010, Cybit was acquired in a deal with a US based private equity firm which returned £24 million to shareholders at over a 100% premium to the prevailing market price. Prior to this he held a number of senior roles in the IT industry including with Global Telematics PLC and The Baan Company.

Most recently (from 2011 to the end of 2014) Mr. Horsman was Chairman/CEO of Atego Group – a privately held business providing mission and safety critical software and consulting services to the global aerospace, military and automotive sectors. Atego was sold to PTC who are listed on the US NASDAQ market.

Andrew Hollingworth, Chief Executive Officer

Mr. Hollingworth has worked in the telecoms Industry for the past 25 years, operating at senior levels across multiple roles and boards, including sales, marketing and operations. The majority of his work has been driving organic and acquisition growth strategies to achieve revenue and EBIT growth. Mr. Hollingworth has held a number of senior positions including Director of Wholesale, Director of Small and Corporate segments, Head of CRM, Head of Distribution, Head of Sales Operations and Head of Loyalty and Retention.

As Director of Wholesale at TalkTalk Plc he lead a growth strategy in the UK reseller market from sub £50m turnover to £250m turnover (£150m net profit with around 30 staff). Mr. Hollingworth then moved into an underperforming area of TalkTalk, the small business and corporate segment, and whilst there moved it from 18% customer loss into growth of over 3000 customers per month within 3 years. Mr. Hollingworth was appointed to the Board of the Company on 2 March 2016.

Neil Taylor, Chief Financial Officer

Mr. Taylor has nearly 30 years' experience in the telecoms industry having joined BT Group (BT) in 1985. In 2007, he was appointed CFO at BT Wholesale, the division of BT that sells voice, broadband and data communications products and services to fixed and mobile network operators and other service providers in Great Britain. During his tenure as CFO at BT Wholesale, he oversaw the delivery of the overall financial performance of the business with revenues in excess of £2.4 billion and EBITDA of £600m.

Prior to being appointed CFO, he was Director of Commercial and Regulatory Finance and held a number of positions at BT Retail, including Finance Director Products and BT Mobile, and Financial Controller, Products and Channels. Mr. Taylor has been a member of the Chartered Institute of Management Accountants since 1990. Mr. Taylor was appointed to the Board of the Company on 2 March 2016.

Geoffrey Wilson, Non-Executive Director

Mr. Wilson has significant experience in the telecoms industry and has held a number of senior positions in different organisations. He studied Law at Birmingham Polytechnic and he qualified as a Management Accountant in 1991 whilst working for Grand Metropolitan PLC in their licenced retail business, Chef & Brewer. He first joined the telecoms industry in 1993 with Mercury Communications where he held a number of finance roles, becoming financial controller for the customer systems division in 1995. He gained wider experience of the industry as commercial manager with Siemens Communications Systems and then as Commercial Director for Your Communications, a subsidiary of United Utilities, which he joined in 1999. Whilst there he led the corporate acquisition and integration programme increasing customer base and product range.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Board of Directors and Senior Management (continued)

Following a strategic review of the Utility business, Mr. Wilson led the disposal process for Your Communications resulting in the successful sale of the business to Thus in 2006. Most recently he was employed as Chief Operations Officer for TalkTalk business where, over a 4 year period, overall operational costs reduced by 9% whilst supporting revenue growth of 33%. For two years prior to this he held the position of Finance Director for TalkTalk Business.

Mark Evans, Chief Operating Officer

In June 2016, Mr. Evans joined Toople.com as Sales Director. In November 2016, Mr. Evans was promoted to the role of Chief Operations Officer which involves leading the Toople.com customer engagement functions from a people, software and channel marketing perspective, ensuring back office process is best in class and focusing on delivering a great customer experience to small businesses.

Prior to joining Toople.com, Mr. Evans started his career in Corporate Sales with United Utilities, followed by senior sales roles with Applied Networks PLC and BT. He then became Channel Sales Manager for Research in Motion in 2008 at a time of great achievement for the business. From March 2012, he became Group Account Director for the top 100 strategically important accounts at EE. Wider portfolio experience was gained with Telefonica (O2) as Sales and Account Management, Retail Channel leading a multi-disciplinary team of sales and operational personnel.

Piotr Kwiatkowski, Head of Development

Mr. Kwiatkowski started software programming at an early age and attended a telecoms technical school in Poland in 2002. Whilst there Mr. Kwiatkowski became the winner of many software and mathematical competitions before moving into a part time role in 2003 whilst attending university. He moved to a senior position after successfully completing a number of projects for the tourist industry dealing with complex and high demand online reservations and booking systems for many Polish companies.

Mr. Kwiatkowski completed university in 2007 majoring in computer science and specialising in telecoms. Mr. Kwiatkowski moved to the UK in 2009 where he became head of software at Obit Telecom in 2010. He moved back to Poland in 2012 but continued to consult and support the functionality of the Merlin software.

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Directors' Report

The Directors present their report with the financial statements of the Company for the year ended 30 September 2016. A commentary on the business and its prospects is included in the Chief Executive Officers report on pages 3 to 6.

The Company's ordinary shares are listed on the London Stock Exchange, on the Official List pursuant to Chapters 14 of the Listing Rules, which sets out the requirements for Standard Listings.

Directors

The Directors of the Company during the year and their beneficial interest in the ordinary shares of the Company at 30 September 2016 were as follows (audited):

Director	Position	Appointed	Ordinary shares	Warrants	Other
Richard Horsman	Chairman and Non-Executive Director	03/03/2016	1,000,000	2,000,000	-
Geoffrey Wilson	Non-Executive Director	03/03/2016	-	1,000,000	-
Andrew Hollingworth	Chief Executive Officer	03/05/2016	26,000,000	-	-
Neil Taylor	Chief Financial Officer	03/05/2016	500,000	-	-

Substantial shareholders

As at 30 September 2016, the total number of issued ordinary shares with voting rights in the Company was 100,000,000. Details of the Company's capital structure and voting rights are set out in note 9 to the financial statements.

The Company has been notified of the following interests of 3 per cent or more in its issued share capital as at 30 January 2017.

Party Name	Number of Ordinary Shares	% of Share Capital
David Breith	39,000,000	39.0
Andrew Hollingworth	26,000,000	26.0
Piotr Kwiatkowski	5,000,000	5.0

Financial instruments

Details of the use of financial instruments by the Group are contained in note 13 of the financial statements.

Greenhouse gas emissions

The Group has as yet minimal greenhouse gas emissions to report from the operations of the Company and its subsidiaries and does not have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic report and Directors report) Regulations 2014.

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Directors' Report (continued)

Dividends

The Directors do not propose a dividend in respect of the year ended 30 September 2016 (2015: nil).

Auditor

The auditor, Crowe Clark Whitehill LLP, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, Strategic Report, Directors' Report, Governance Report and Directors Remuneration Report along with 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 International Financial Reporting Standards as adopted by the European Union.

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 the Group and of the profit or loss of the Company and the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies with a Standard Listing.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Toople Plc website is the responsibility of the Directors; work carried out by the auditor does not involve the consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Statement as to Disclosure of Information to the Auditor

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

We confirm to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as whole;
- The strategic report includes a fair review of the development and performance of the business and the position of the

Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Subsequent events

The Board does not believe there are any subsequent events, requiring further disclosure or comment.

This responsibility statement was approved by the Board of Directors on 30 January 2017 and is signed on its behalf by;

Signed **Andrew Hollingworth, Director**

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Strategic Report

The Directors present the Strategic Report of Toople Plc for the year ended 30 September 2016.

Principal Activities

The Company is newly incorporated, on 2 March 2016, for the purpose of becoming a holding company for the Group. The Group consists of the Company and a number of wholly owned subsidiaries with the main operating entities being Toople.com Limited and AskMerlin Limited. In April 2016, the Company successfully completed the acquisition of the business of Toople.com and in May 2016 completed the fundraising necessary to develop the business.

Toople.com is a business that provides a range of telecoms services primarily targeted at the UK SME market. Services offered by the business include business broadband, fibre, Ethernet First

Mile and Ethernet data services, business mobile phones, cloud PBX and SIP Trunking and traditional services (calls and lines) all of which are delivered and managed through Merlin, the Group's proprietary software platform.

Review of business in the year

Details of the Company's strategy, business model, results and prospects are set out in the Chairman's Statement and in the Chief Executive Officer's Review on pages 3 - 6.

Key Performance Indicators

At this stage in its development, the Company is focusing on the establishment and development of the business of Toople.com.

The Group monitors its key performance indicators (KPI's) regularly. In this, its first period of trading as a Group, the KPI's are set out below:

	Revenue £'000	Gross profit £'000	Loss per share (pence)
2016	958	78	(2.76)
2015	37	(39)	(1.02)

In future periods, when the activities of the Group are more developed, the Directors intend to publish additional KPI's including:

- Cost of acquisition per customer
- New orders serviced (Revenue Generating Units)
- Customer satisfaction scores

Social/Community/Human rights matters

The Company operates a gender diverse business, and would ensure any future employment took into account the necessary diversity requirements and compliance with all employment law. The Board has experience in dealing with such issues and sufficient training/qualifications to ensure they would meet all requirements.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Strategic Report (continued)

Principal risks and uncertainties relating to the Company's business strategy

The Group operates in an uncertain environment and is subject to a number of risk factors.

The Company's prospectus included a detailed assessment of the risks facing the business. The Directors consider the following risk factors are of particular relevance to the Group's activities, although it should be noted that the list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply.

- The Company will be dependent on the ability of the Directors to identify suitable investment opportunities and to implement the Company's strategy. There is no assurance that the Company's business strategy will ultimately be successfully developed
- As the Group has a limited trading history, actual performance may differ materially from expectations and the Group may generate sustained losses
- The Group anticipates being able to sell multiple products to customers in a competitive market. The marketing investment estimated to be required by the Group may not be sufficient to attract the number of customers that the Group intends to target
- The loss of, or inability to attract key personnel could adversely affect the business of the Group
- The technology upon which the Group's products and services are based may become obsolete; in particular, the Group is reliant on the technical robustness of its software platform
- An increase in supplier costs could result in significantly reduced gross profit margins
- The ownership and use of intellectual property by the Group may be challenged by third parties or otherwise disputed
- The Group may require additional capital in the medium to long term and no assurance can be given that such capital will be available on terms acceptable to the Group, or at all
- By the very nature of the Group's business, it is expected that from time to time the Group will be subject to complaints or claims in the normal course of business
- The Company is exposed to the risk that third parties that owe the Group money, securities or other assets may not fulfil their obligations. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons
- The Group's performance could be adversely affected by poor economic conditions in the UK
- The Group's infrastructure and systems could be targeted by cyber attacks
- The pricing environment in the telecoms industry could become more difficult than anticipated
- The UK telecoms market is subject to regulation by Ofcom and subject to high incidence of fraud and bad debt risk

The Directors seek to mitigate these risks by applying their considerable experience of operating businesses in the sector and by devising trading and operating strategies designed to seek out and exploit profitable trading opportunities whilst seeking to protect the business from downside risks.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Strategic Report (continued)

Composition of the Board

A full analysis of the Board, its function, composition and policies, is included in the remuneration report. A gender analysis is included in the governance report.

Capital structure

The Company's capital consists of ordinary shares which rank pari passu in all respects which are traded on the Standard segment of the Main Market of the London Stock Exchange. David Breith and Andrew Hollingworth, who together own 65% of the Company's ordinary share capital, have entered into a relationship agreement with the Company to ensure that the Board of the Company operates independently of them and that all decisions taken by the Board will be made for the benefit of shareholders as a whole. There are no restrictions on the transfer of securities in the Company or restrictions on voting rights and none of the Company's shares are owned or controlled by employee share schemes. There are no arrangements in place between shareholders that are known to the Company that may restrict voting rights, restrict the transfer of securities, result in the appointment or replacement of directors amend the Company's

articles of association or restrict the powers of the Company's directors, including in relation to the issuing or buying back by the company of its shares or any significant agreements to which the company is a party that take effect after or terminate upon, a change of control of the company following a takeover bid or arrangements between the Company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that may occur because of a takeover bid.

Environmental and other regulatory requirements

In the event of a breach with any environmental or regulatory requirements this may give rise to reputational, financial or other sanctions against the Company, and therefore the Board considers these risks seriously and designs, maintains and reviews its policies and processes so as to mitigate or avoid these risks.

Approved by the Board on 30 January 2017.

Signed **Richard Horsman, Chairman**

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Governance Report

Introduction

The Company recognises the importance of, and is committed to, high standards of corporate governance. The following sections will explain how the Company has applied the main and supporting principles set out in the UK Code of Corporate Governance published in 2014 (the Code).

Compliance with the UK Code of Corporate Governance

The UK Corporate Governance Code, as published by the Financial Reporting Council, is the corporate governance regime for England and Wales. The Company has stated that, to the extent practicable for a company of its size and nature, follow the UK Corporate Governance Code. The Directors are aware that there are currently certain provisions of the UK Corporate Governance Code that the Company is not in compliance with, given the size and early stage nature of the Company, these include, inter alia:

- The Code requires that a smaller company should have at least two Independent Non-Executive Directors. The Board currently consists of two Executive Directors and two Non - Executive Directors. Both of the Non-Executive Directors are interested in either ordinary shares in the Company, warrants over ordinary shares in the Company, or both, and cannot therefore be considered fully independent under the Code. The remuneration of the non-executive directors includes warrants and this is contrary to D.1.3 of the code. However, both are considered to be independent in character and judgement.
- As a consequence of the above, where provisions of the Code require the appointment of independent Directors, for example as Chairman or as senior independent Director, the Company is not in full compliance with the Code – this applies in relation to various provisions of the Code including A.4.1, A.4.2., B.1.1., B.1.2). However, the Directors consider the present structure and arrangements to be adequate given the size and stage of development of the Company.

- The Company does not currently believe it is necessary to have a separate nominations committee at this time. The Board as a whole will review the appointment of new members of the Board, taking into account the interests of shareholders and the performance of the Company. The requirement for a nominations committee will be considered on an ongoing basis.
- The chairman of the remuneration committee is the Chairman of the Company and the Chairman of the Company is a member of the Audit Committee. This is outside the principals of D.2.1 and C.3.1 of the Corporate Governance Code applicable to smaller companies, which requires that those committees consist of at least two independent Directors excluding the Chairman of the Company.

The UK Code of Corporate Governance can be found at www.frc.org.uk

Set out below are Toople's corporate governance practices for the year ended 30 September 2016.

Leadership

The role of the Board - The Board guides and monitors the business and affairs of the Company on behalf of the Company's shareholders to whom it is accountable, and is responsible for corporate governance matters. While certain key matters are reserved for the Board, it has delegated responsibilities for the day-to-day operational, corporate, financial and administrative activities to the Chief Executive Officer and the Chief Financial Officer.

Board meetings - The core activities of the Board are carried out in scheduled meetings of the Board and its committees. These meetings are timed to link to key events in the Company's corporate calendar and regular reviews of the business are conducted. Additional meetings and conference calls are arranged to consider matters which require decisions outside the scheduled meetings. During the year ended 30 September 2016 the Board met on 20 occasions, starting from 1 January 2016.

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Governance Report (continued)

Outside the scheduled meetings of the Board, the Directors maintain frequent contact with each other to discuss any issues of concern they may have relating to the Company or their areas of responsibility, and to keep them fully briefed on the Company's operations.

Non-Executive Directors - The Non-Executive Directors bring a broad range of business and commercial experience to the Company and have a particular responsibility to challenge independently and constructively the performance of the Executive Management (where appointed) and to monitor the performance of the management team in the delivery of the agreed objectives and targets.

Matters reserved specifically for the Board - The Board has a formal schedule of matters reserved that can only be decided by the Board.

Certain other matters are delegated to the Board Committees, namely the Audit and Remuneration Committees.

The key matters reserved are the consideration and approval of the Board are as follows:

- the Company's overall strategy;
- financial statements and dividend policy;
- management structure including succession planning, appointments and remuneration;
- material acquisitions and disposal, material contracts, major capital expenditure projects and budgets;
- capital structure, debt and equity financing and other matters;
- risk management and internal controls (supported by the Audit Committee);
- the Company's corporate governance and compliance arrangements; and
- corporate policies

Attendance at Board meetings;

Member	Meetings attended
Richard Horsman	15
Andrew Hollingworth	20
Neil Taylor	17
Geoffrey Wilson	13

Directors appointed by the Board are subject to election by shareholders at the Annual General Meeting of the Company following their appointment and thereafter are subject to re-election in accordance with the Company's articles of association.

Remuneration Committee

The Company has established a Remuneration Committee to assist the Board in determining its responsibilities in relation to remuneration,

including making recommendations to the Board on the Group's policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of the Group's remuneration policy and determining the individual remuneration and benefits package of each of the executive Directors and the Company secretary. The Remuneration Committee also ensures compliance with the UK Corporate Governance Code in relation to remuneration wherever possible.

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Governance Report (continued)

Audit Committee

The Company has established an Audit Committee with delegated duties and responsibilities. The Audit Committee is responsible, amongst other things, for making recommendations to the Board on the appointment of auditors and the audit fee, monitoring and reviewing the integrity of the Company's financial statements and any formal announcements on the Company's financial performance as well as reports from the Company's auditor on those financial statements. In addition, the Audit Committee will review the Company's internal financial control and risk management systems to assist the Board in fulfilling its responsibilities relating to the effectiveness of those systems, including an evaluation of the capabilities of such systems in light of the expected requirements for any specific acquisition target.

The Audit Committee meets at least twice a year, more frequently if required.

The Company has adopted an appropriate share dealing code.

As senior Non-Executive Director and Chairman, Richard Horsman is available to meet shareholders if they have concerns.

Non-Executive Directors are initially appointed for a term of three years, which may, subject to satisfactory performance and re-election by shareholders, be extended by mutual agreement.

Delegations of authority

Board Committees - The Board has delegated matters to two committees namely the Audit and Remuneration committees. The memberships, roles and activities of these committees are detailed in separate reports: the Audit Committee on pages 26 - 27 and the Remuneration Committee on pages 20 - 25. Each committee

reports to the Board and the issues considered at meetings of the committees are provided by the respective committee chairmen. The terms of reference of each committee is to be reviewed by the Board every other year.

Other governance matters - All of the Directors are aware that independent professional advice is available to each Director in order to properly discharge their duties as a Director. In addition, each Director and Board Committee has access to the advice of the Company Secretary.

The Company Secretary - The Company Secretary role is carried out by WKH Company Secretary Services.

Effectiveness

The Board currently comprises of a Non-Executive Chairman, one other Non-Executive Director and two Executive Directors. Biographical details of the Board members are set out on pages 7 - 8 of this report.

The Directors are of the view that the Board and its committees consist of Directors with an appropriate balance of skills, experience, independence and diverse backgrounds to enable them to discharge their duties and responsibilities effectively.

Appointments – a Nomination Committee will be established if appointments to the Board are required.

To date no external advertising or searches have been conducted in facilitating Board appointments. The Directors intend to advertise future vacancies and engage appropriate professional assistance in filling positions as circumstances merit.

Commitments – All Directors have disclosed any significant commitments to the Board and confirmed that they have sufficient time to discharge their duties.

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Governance Report (continued)

Induction - All new Directors received an induction as soon as practicable on joining the Board.

Conflicts of interest - A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company. The Board has satisfied itself that there is no compromise to the independence of those Directors who have appointments on the Boards of, or relationships with, companies outside the Company. The Board requires Directors to declare all appointments and other situations which could result in a possible conflict of interest.

Board performance and evaluation - Toople has a policy of appraising Board performance annually. Having reviewed various approaches to Board appraisal, Toople has concluded that for a company of its current scale, an internal process in which all Board members submit answers to a questionnaire that considers the functionality of the Board and its committees is most appropriate at this stage.

Although the Board currently consists of four male Directors, the Board supports diversity in the Boardroom and the Financial Reporting Council's aims to encourage such diversity. The following table sets out a breakdown by gender at 30 September 2016:

	Male	Female
Directors	4	-
Senior Managers	2	-
Other employees	11	2

Accountability

The Board is committed to providing shareholders with a clear assessment of the Company's position and prospects. This is achieved through this report and as required other periodic financial and trading statements. The Board has made appropriate arrangements for the application of risk management and internal control principles and these are detailed on pages 15 - 19. The Board has delegated to the Audit Committee oversight of the relationship with the Company's auditors as outlined in the Audit Committee report on pages 26 - 27.

Going concern - The Company's business activities, together with factors likely to affect its future operations, financial position, and liquidity position are set out in the Chief Executive Officer's Operational Update and the Risks and Uncertainties section of the Annual Report. In addition, note 13 to the consolidated financial statements discloses the Company's financial risk management practices with respect to its capital structure, liquidity risk, interest rate risk, credit risk, and other related matters.

The Directors, having made due and careful enquiry, are of the opinion that the Company has adequate working capital to execute its operations and has the ability to access additional financing, if required, over the next 12 months. The Directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009.

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Governance Report (continued)

Internal controls - The Board of Directors reviews the effectiveness of the Company's system of internal controls in line with the requirement of the Code. The internal control system is designed to manage the risk of failure to achieve its business objectives. This covers internal financial and operational controls, compliances and risk management. The Board reviews progress towards strategic objectives and monitors financial performance, including budgeting and forecasting, financial reporting, analysing variances against plan, and taking appropriate management action. Management, with the assistance of the finance function, is responsible for the appropriate maintenance of financial records and processes. This ensures that all the information is relevant, reliable, in accordance with the applicable laws and regulations, and distributed internally and externally in a timely manner. A review of the financial and consolidation statements is completed by management to ensure that the financial position and results of the Group are appropriately recorded, circulated to members of the Board and published where appropriate. All financial information published by the Group is subject to approval by the Board, on the recommendation of the Audit Committee. The Directors acknowledge their responsibility for the Company's system of internal controls and for reviewing its effectiveness. The Board confirms the need for an ongoing process for identification, evaluation and management of significant risks faced by the Company.

The Audit Committee will regularly review and report to the Board on the effectiveness of the system of internal control. Given the size of the Group, the Board considers that there is no current requirement for an internal audit function. The procedures that have been established to provide internal financial control are considered appropriate for a Group of its size and include controls over expenditure, regular reconciliations and management accounts.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Remuneration

The Board has delegated to the Remuneration Committee responsibility for agreeing the remuneration policy for senior executives. The Remuneration Committee Report on pages 20 - 25 contains full details of the role and activities of the Remuneration Committee.

Nomination

Currently due to the size of the Company there is no Nomination Committee.

Shareholder relations

Communication and dialogue – Open and transparent communication with shareholders is given high priority and there is regular dialogue with institutional investors. All Directors are kept aware of changes in major shareholders in the Company and are available to meet with shareholders who have specific interests or concerns. The Company announces its results promptly to the market and also publishes them on the Company's website: www.toople.com. Regular updates to record news in relation to the Company are included on the Company's website.

The Directors are available to meet with institutional shareholders to discuss any issues and gain an understanding of the Company's business, its strategies and governance. Meetings are also held with the corporate governance representatives of institutional investors when requested.

Annual General Meeting - At every AGM individual shareholders will be given the opportunity to put questions to the Chairman and other members of the Board that may be present. Details of proxy votes for and against each resolution, together with the votes withheld are announced to the London Stock Exchange and are published on the Company's website as soon as practical after the meeting.

Signed **Geoffrey Wilson, Non-Executive Director**
30 January 2017

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Remuneration Committee Report

The Company's Remuneration Committee comprises two Non-Executive Directors: Richard Horsman (Chairman) and Geoffrey Wilson.

Toople's Remuneration Committee operates within the terms of reference approved by the Board.

The items included in this report are unaudited unless otherwise stated.

Committee's main responsibilities

- The Remuneration Committee considers the remuneration policy, employment terms and remuneration of the Executive Directors and senior management;
- The Remuneration Committee's role is advisory in nature and it makes recommendations to the Board on the overall remuneration packages for Executive Directors and senior management in order to attract, retain and motivate high quality executives capable of achieving the Company's objectives;
- The Remuneration Committee also reviews proposals for any share option plans and other incentive plans, makes recommendations for the grant of awards under such plans as well as approving the terms of any performance-related pay schemes;
- The Board's policy is to remunerate the Company's executives fairly and in such a manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel; and

- The Remuneration Committee, when considering the remuneration packages of the Company's executives, will review the policies of comparable companies in the industry.

Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's periodic reviews of its policy on remuneration.

Statement of policy on Directors' remuneration

The Company's policy is to maintain levels of remuneration so as to attract, motivate, and retain Directors and Senior Executives of the highest calibre who can contribute their experience to deliver industry leading performance with the Company's operations. Currently Director's remuneration is not subject to specific performance targets.

In future periods the Company intends to implement remuneration policy so that a meaningful proportion of Executive and Senior Managements' remuneration structured so as to link rewards to corporate and individual performance, align their interests with those of shareholders and to incentivise them to perform at the highest levels. The Remuneration Committee considers remuneration policy and the employment terms and remuneration of the Executive Directors and makes recommendations to the Board of Directors on the overall remuneration packages for the Executive Directors. No Director takes part in any decision directly affecting their own remuneration.

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Remuneration Committee Report (continued)

Directors remuneration

The Directors who held office at 30 September 2016 and who had beneficial interests in the ordinary shares of the Company are summarised as follows:

Name of Director	Position
Richard Horsman	Chairman, Non-Executive Director
Geoffrey Wilson	Non-Executive Director
Andrew Hollingworth	Chief Executive Officer
Neil Taylor	Chief Financial Officer

Details of these beneficial interests can be found in the Directors Report on pages 9 to 11.

Each of the Directors entered into service agreements at the time of the Company's admission to the market in April 2016. Details of those service agreements are set out below. There were no other major remuneration decisions in the period.

Directors' service contracts

Richard Horsman was appointed as a Non-Executive Director and Chairman of the Company on 3 March 2016 and on 3 May 2016 he entered into a letter of appointment with the Company. Pursuant to his letter of appointment Mr Horsman is entitled to an annual fee of £18,000 for up to 8 days' work per annum, which includes consideration for chairing the Remuneration Committee and for being a member of the Audit Committee. He will be entitled to an additional fee if he is required to perform any specific and additional services. The Chairman is not entitled to receive any compensation on termination of his appointment (other than payment in respect of a notice period where notice is served) and is not entitled to participate in the Company's share, bonus or pension schemes, and is entitled to be reimbursed all reasonable out-of-pocket expenses incurred in the proper performance of his duties. Mr Horsman is entitled to 2,000,000 NED Warrants which vest on the second anniversary of admission to the Official List and are conditional on Mr Horsman being a Director on the vesting date. No warrants had vested at 30 September 2016. Mr Horsman's appointment is for an initial term of three years unless terminated earlier by either party giving to the other three month's prior written notice. In addition, the services of Mr Horsman are provided on a consultancy basis by High Lees Farm Partnership. Pursuant to the terms of a consultancy agreement High Lees Farm Partnership is entitled to be paid a fee of £32,000

plus any applicable VAT. The appointment is for an initial term of three years to be reviewed annually and terminable on three months' notice by either party. None of the remuneration paid was subject to performance conditions.

Geoffrey Wilson was appointed as a Director of the Company on 3 March 2016 and on 3 May 2016 he entered into a letter of appointment with the Company. Mr Wilson is entitled to an annual fee of £36,000 for up to 24 days' work per annum, which includes consideration for chairing the Audit Committee and being a member of the Remuneration Committee. He will be entitled to an additional fee if he is required to perform any specific and additional services. Mr Wilson is not entitled to receive any compensation on termination of his appointment (other than payment in respect of a notice period where notice is served) and is not entitled to participate in the Company's share, bonus or pension schemes, and is entitled to be reimbursed all reasonable out-of-pocket expenses incurred in the proper performance of his duties. Mr Wilson is entitled to 1,000,000 NED Warrants which vest on the second anniversary of Admission and are conditional on Mr Wilson being a Director on the vesting date. No warrants had vested at 30 September 2016. Mr Wilson's appointment is for an initial term of three years, unless terminated earlier by either party giving to the other three month's prior written notice. None of the remuneration paid was subject to performance conditions.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Remuneration Committee Report (continued)

Andrew Hollingworth is employed as Chief Executive Officer under a service agreement with the Company dated 3 May 2016. He is entitled to a salary of £120,000 per annum. He is to participate in any pension scheme operated by the Group. His service agreement is terminable by either party on not less than 6 months' written notice, to expire on or after an initial 12-month term or immediately upon payment in lieu of notice and contains a garden leave clause. None of the remuneration paid was subject to performance conditions.

Neil Taylor is employed as Chief Financial Officer under a service agreement with the Company dated 3 May 2016. He is entitled to a salary of £60,000 per annum and is expected to work for 2 days per week. He is entitled to participate in any pension scheme operated by the Group. His service agreement is terminable by either party on not less than 3 months' written notice, to expire on or after an initial 12 month

term or immediately upon payment in lieu of notice and contains a garden leave clause. None of the remuneration paid was subject to performance conditions. Included within salary and fees below was an additional £12,000 paid prior to Mr Taylor's appointment as a Director for consultancy services provided to the Company.

Remuneration components

For the year ended 30 September 2016 salaries and fees were the sole component of remuneration. The Board will consider the components of Director remuneration during the year and following this review these are likely to consist of:

- Salaries and fees
- Annual bonus
- Taxable benefits
- Pensions
- Share Incentive arrangements

Directors' emoluments and compensation (audited)

Set out below are the emoluments of the Directors for the year ended 30 September 2016:

Name of Director	Salary and fees £	Total £
Richard Horsman	20,833	20,833
Geoffrey Wilson	15,000	15,000
<i>Non-Executive total</i>	35,833	35,833
Andrew Hollingworth	50,000	50,000
Neil Taylor	34,500	34,500
<i>Executive total</i>	84,500	84,500
Total	120,333	120,333

There were no Directors' emoluments in the pro-forma financial information for the period to 15 April 2016 other than those disclosed above.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Remuneration Committee Report (continued)

Directors beneficial share interests (audited)

The interests of the Directors who served during the year in the share capital of the Company at 30 September 2016 and at the date of this report or their resignation (if earlier) were as follows:

Name of Director	Number of ordinary shares held at 30 September 2016	As at the date of this report	Number of share options/warrants	Number of share options/warrants vested but unexercised
Richard Horsman	1,000,000	1,000,000	2,000,000	-
Geoffrey Wilson	-	-	1,000,000	-
Andrew Hollingworth	26,000,000	26,000,000	-	-
Neil Taylor	500,000	500,000	-	-

Total pension entitlements (audited)

The Company does currently not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.

The Company has not paid out any excess retirement benefits to any Directors or past Directors.

Payments to past directors (audited)

The Company has not paid any compensation to past Directors.

Payments for loss of office (audited)

No payments were made for loss of office during the year.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Remuneration Committee Report (continued)

Directors interests in share options (audited)

Details of options over ordinary shares for directors who served during the year are set out in the table below:

Name of Director	Number granted during the period and as at 30 September 2016	Exercise price	Date from which exercisable	Expiry date
Richard Horsman	2,000,000	8p	10 May 2018	10 May 2020
Geoffrey Wilson	1,000,000	8p	10 May 2018	10 May 2020
Andrew Hollingworth	-	-	-	-
Neil Taylor	-	-	-	-

The awards vest conditional upon the relevant director remaining in service up to 10 May 2018. There are no performance conditions attached. The exercise price of the awards exceed the average share price for the period.

There were no awards of annual bonuses or incentive arrangements in the period. All remuneration was therefore fixed in nature and no illustrative table of the application of remuneration policy has been included in this report.

Consideration of employment conditions elsewhere in the Group

The Committee has not consulted with employees about executive pay but considers that the current remuneration of Executive Directors is consistent with pay and employment benefits across the wider Group.

Policy for new appointments

Base salary levels will take into account market data for the relevant role, internal relativities, there individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Policy on payment for loss of office

Payment for loss of office would be determined by the remuneration committee, taking into account contractual obligations.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Remuneration Committee Report (continued)

Other matters

The Company does not currently have any annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect.

The performance of the Remuneration Committee has yet to be assessed given the short time frame that it has been operational.

No performance graph has been included here as the Company is in the early stages of its business development.

Signed **Richard Horsman, Chairman of the Remuneration Committee**
30 January 2017

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Audit Committee Report

The Audit Committee was established during the year and comprises two Non-Executive Directors (Geoffrey Wilson and Richard Horsman). It oversees the Company's financial reporting and internal controls and provides a formal reporting link with the external auditors. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly report remains with the Board.

Main Responsibilities

The Audit Committee acts as a preparatory body for discharging the Board's responsibilities in a wide range of financial matters by:

- monitoring the integrity of the financial statements and formal announcements relating to the Company's financial performance;
- reviewing significant financial reporting issues and accounting policies and disclosures in financial reports;
- overseeing that an effective system of internal control and risk management systems are maintained;
- ensuring that an effective whistle-blowing, anti-fraud and bribery procedures are in place;
- overseeing the Board's relationship with the external auditor and, where appropriate, the selection of new external auditors;
- approving non-audit services provided by the external auditor, or any other accounting firm, ensuring the independence and objectivity of the external auditors is safeguarded when appointing them to conduct non-audit services; and
- ensuring compliance with legal requirements, accounting standards and the Listing Rules and the Disclosure and Transparency Rules;

Governance

The Code requires that at least one member of the Audit Committee has recent and relevant financial experience. Geoffrey Wilson, who was appointed as Chairman of the Audit Committee in 2016 has been a qualified Management Accountant with extensive experience of high level finance roles in the telecoms industry since 1993. As a result the Board is satisfied that the Audit Committee has recent and relevant financial experience.

Members of the Audit Committee are appointed by the Board and whilst shareholders, the Company believes they are considered to be independent in both character and judgement.

The Company's external auditor is Crowe Clark Whitehill LLP and the Audit Committee will closely monitor the level of audit and non-audit services they provide to the Company. In the year ended 30 September 2016 Crowe Clark Whitehill LLP acted as reporting accountants to the Company's admission to the Official List of the UKLA for a fee of £40,000 plus VAT. Crowe Clark Whitehill LLP did not provide any other non-audit services to the Company.

Meetings

In the period since the Company's admission to the Official List of the UKLA the Audit Committee has met on two occasions.

The key work undertaken by the Audit Committee to date is as follows;

- review the Audit Committee terms of reference;
- review of audit planning and update on relevant accounting developments;
- consideration and approval of the risk management framework, appropriateness of key performance indicators;
- consideration and review of full-year results;
- review of the effectiveness of the Audit Committee; and
- review of internal controls

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Audit Committee Report (continued)

The Code states that the Audit Committee should have primary responsibility for making a recommendation on the appointment, reappointment or removal of the external auditor. As such a review of external audit effectiveness will take place annually.

External auditor

The Company's external auditor is Crowe Clark Whitehill LLP. The external auditor have unrestricted access to the Audit Committee Chairman. The Committee is satisfied that Crowe Clark Whitehill LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained.

The external auditors report to the Audit Committee annually on their independence from the Company. In accordance with professional standards, the partner responsible for the audit is changed every five years. The current auditor, Crowe Clark Whitehill LLP were first appointed by the Company in 2016 and therefore the current partner is due to rotate off the engagement after completing the September 2020 audit. Having assessed the performance objectivity and independence of the auditors, the Committee will be recommending the reappointment of Crowe Clark Whitehill LLP as auditors to the Company at the 2017 annual general meeting.

Significant issues related to the financial statements

The primary areas of judgement considered by the Audit Committee in relation to the 2016 accounts and how these were addressed are set out below:

Issue	Action taken by the Committee
The basis of preparation and accounting for the share for share exchange in which the company acquired its subsidiaries is a judgemental area and could give rise to a material misstatement	The Committee reviewed the accounting treatment to be adopted and discussed alternative treatments with management and with the company's external auditors. The Committee considered available professional guidance in the area and concluded that it the accounting treatment adopted best reflects the substance of the share for share exchange transaction.
The fair value of long term financial liabilities with interest charges at below market rates may be misstated	The Committee reviewed the loan documentation and management's calculation of the present value of the loan. The Committee challenges management in relation to the application of an appropriate discount rate and reviewed the accounting entries recording the fair value of the liability at the recognition date and the subsequent recognition of the interest charge to the year end.

Signed **Geoffrey Wilson, Chairman of the Audit Committee**
30 January 2017

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Independent auditor's report to the members of Toople Plc

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the Group's and of the Parent Company's state of affairs as at 30 September 2016 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Basis for opinion

We have audited the financial statements of Toople Plc for the year ended 30 September 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and parent company statement of Financial Position, the Consolidated and parent company statement of Cash Flows, the Consolidated and parent company Statement of Changes in Equity and the related notes numbered 1 – 19.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit an express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Toople Plc

Annual Report & Accounts

For the Year Ended 30 September 2016

Independent auditor's report to the members of Toople Plc (continued)

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality for the Company to be £60,000, which is approximately 4% of the loss before taxation for the period after adjusting for admission costs charged as an expense. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our materiality of £60,000 for the financial statements as whole. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1,000, as well as differences below that threshold that, in our view, warranted reporting.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The Scope of our audit

Our assessment of risks of material misstatement

We identified the risks that we believe to have had the greatest impact on our audit strategy and scope. We scoped our response to the significant risks identified as follows:

Risk	Response
The basis of preparation and accounting for the share for share exchange in which the Company acquired its subsidiaries is a judgemental area and could give rise to a material misstatement	We reviewed the accounting treatment adopted, discussed alternative treatments with management and concluded that the accounting treatment adopted best reflects the substance of the share for share exchange transaction.
The fair value of long term financial liabilities with interest charges at below market rates may be misstated	We reviewed the loan documentation to agree the terms of the underlying loan. We reviewed management's calculation of the present value of the loan and the discount rate applied. We reviewed the accounting entries recording the fair value of the liability at the recognition date and the subsequent recognition of the interest charge to the year end.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Independent auditor's report to the members of Toople Plc (continued)

In particular, we are required to report to you if;

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

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

- certain disclosures of Directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;
- 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.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the group including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the Directors' explanation in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Stephen Bullock
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London
30 January 2017

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Consolidated statement of comprehensive income

	NOTE	Year ended 30 Sep 2016	Year ended 30 Sep 2015
		£	£
Continuing operations			
Revenue		957,749	36,799
Cost of sales		(880,108)	(76,083)
Gross profit/(loss)		77,641	(39,284)
Administrative expenses		(1,792,200)	(381,278)
Operating loss		(1,714,559)	(420,562)
Interest payable and similar charges		(20,041)	-
Interest receivable		1,023	-
Loss before taxation	3	(1,733,578)	(420,562)
Taxation	4	-	21,336
Loss for the year		(1,733,578)	(399,226)
Other comprehensive loss for the year		-	-
Total comprehensive loss for the year attributable to the equity owners of the parent		(1,733,578)	(399,226)
Loss per share			
Basic and diluted loss per share (pence)	5	(2.76)	(1.02)

The notes to the financial statements form an integral part of these financial statements.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Consolidated statement of financial position

	Note	As at 30 Sep 2016 £	As at 30 Sep 2015 £
Assets			
Non-current assets			
Intangible assets	6	14,546	2,328
		<u>14,546</u>	<u>2,328</u>
Current assets			
Trade and other receivables	7	223,674	194,758
Cash and cash equivalents	8	743,824	130,853
		<u>967,498</u>	<u>325,611</u>
Total assets		<u>982,044</u>	<u>327,939</u>
Equity and liabilities			
Share capital	9	66,700	26,013
Share premium		1,900,245	-
Merger reserve		(25,813)	(25,813)
Share based payment reserve		24,130	-
Capital contribution reserve		137,616	-
Accumulated deficit		(1,975,364)	(260,851)
Total equity		<u>127,514</u>	<u>(260,651)</u>
Current liabilities			
Trade and other payables	10	385,390	588,590
		<u>385,390</u>	<u>588,590</u>
Non-current liabilities			
Financial liabilities – borrowings	10	469,140	-
		<u>469,140</u>	<u>-</u>
Total equity and liabilities		<u>982,044</u>	<u>327,939</u>

The notes to the financial statements form an integral part of these financial statements

This report was approved by the Board and authorised for issue on and signed on its behalf by;

Signed **Andrew Hollingworth, Director**
30 January 2017

Company Registration Number: 10037980

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Consolidated statement of changes in equity

	Share capital	Share premium	Merger reserve	Share based payment reserve	Capital contribution Reserve	Accumulate d deficit	Total
	£	£	£	£	£	£	£
Brought forward at 1 October 2015	26,013	-	(25,813)	-	-	(260,851)	(260,651)
Loss for the year	-	-	-	-	-	(1,733,578)	(1,733,578)
Total comprehensive loss for the year	-	-	-	-	-	(1,733,578)	(1,733,578)
Transactions with owners							
Share based payment charge credited to equity	-	-	-	24,130	-	-	24,130
Issue of share capital net of share issue costs	40,687	1,900,245	-	-	-	-	1,940,932
Equity component of interest free loan	-	-	-	-	156,681	-	156,681
Transfer of interest accrued	-	-	-	-	(19,065)	19,065	-
At 30 September 2016	66,700	1,900,245	(25,813)	24,130	137,616	(1,975,364)	127,514

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Consolidated statement of changes in equity (continued)

	Share capital	Share premium	Merger reserve	Share based payment reserve	Capital contribution	Accumulated deficit	Total
	£	£	£	£	£	£	£
Brought forward at 1 October 2014	26,013	-	(25,813)	-	-	138,375	138,575
Loss for the year	-	-	-	-	-	(399,226)	(399,226)
Total comprehensive loss for the year	-	-	-	-	-	(399,226)	(399,226)

Transactions with owners

Issue of share capital net of share issue costs	-	-	-	-	-	-	-
At 30 September 2015	26,013	-	(25,813)	-	-	(260,851)	(260,651)

Share capital comprises the ordinary share capital of the Company.

Share premium represents the aggregated excess of the fair value of consideration received for shares issued over par value in respect of shares issued by the Company net of attributable share issue costs and other permitted reductions.

The merger reserve arose on the share for share exchange is described in note 2a.

Share based payments reserve represents the cumulative value of share based payments recognised through equity.

Capital contribution reserve represents the present value adjustment to the interest free loan detailed in note 10.

Accumulated deficit represent the aggregate retained deficit of the Group.

The notes to the financial statements form an integral part of these financial statements.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Consolidated statement of cash flows

	Year ended 30 Sep 2016 £	Year ended 30 Sep 2015 £
Cash flows from operating activities		
Operating loss	(1,714,559)	(420,562)
Adjustments for:		
Depreciation and amortisation	4,914	8,861
Loss on disposal of fixed assets	2,328	35,411
Share based payment charge	21,050	-
Changes in working capital		
Increase in receivables	(28,916)	(96,082)
Increase/(decrease) in payables	292,318	(66,094)
Net cash outflow from operating activities	(1,422,865)	(573,877)
Cash flows from financing activities		
Proceeds from issues of share capital net of issue costs	1,940,932	-
Finance costs	(976)	-
Proceeds from shareholder loan	177,657	512,141
Repayment of loan	(65,000)	-
Net cash from financing activities	2,052,613	512,141
Cash flows from investing activities		
Acquisition of intangible fixed assets	(17,800)	(2,328)
Finance income	1,023	-
Net proceeds from disposal of fixed assets	-	194,436
Net cash (used in)/from investing activities	(16,777)	192,108
Net increase in cash and cash equivalents	612,971	130,372
Cash and cash equivalents at start of year	130,853	481
Cash and cash equivalents at end of year	8 743,824	130,853

The notes to the financial statements form an integral part of these financial statements

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements

1. General Information

a) Nature of operations

The Company was incorporated in England and Wales on 2 March 2016 as a public limited company. The Company's registered office is located at PO Box 501, The Nexus Building, Broadway, Letchworth Garden City, Hertfordshire, SG6 9BL.

The Group provides a range of telecoms services primarily targeted at the UK SME market. Services offered by the Group include business broadband, fibre, Ethernet First Mile and Ethernet data services, business mobile phones, cloud PBX and SIP Trunking and traditional services (calls and lines) all of which are delivered and managed through Merlin, the Group's proprietary software platform.

b) Component undertakings

The undertakings included in the financial statements are as follows:

Name	Incorporated	Activities	Capital	% held
Toople.com Limited	England & Wales	Provision of telecoms services	Ordinary shares	100%
Ask Merlin Limited	England & Wales	Software development	Ordinary shares	100%
Toople Finance Limited	England & Wales	Dormant	Ordinary shares	100%
Toople Management Services Limited	England & Wales	Dormant	Ordinary shares	100%
Ask Merlin Poland sp Zoo*	Poland	Software development	Ordinary shares	100%

- *Owned by Ask Merlin Limited*

2. Summary of Significant Accounting Policies

The principal accounting policies adopted by the Company in preparation of these financial statements are set out below:

a) Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use by the European Union, and effective, or issued and early adopted, as at the date of these statements. The financial statements have been prepared under the historical cost convention.

On 15 April 2016, the Company entered into four share for share exchange agreements with David Breith pursuant to which the Company acquired the entire issued share capital of each of Toople.com Limited, Toople Finance Limited, Toople Management Services Limited and AskMerlin Limited (together the "Subsidiaries") in consideration for the issue and allotment to David Breith of 39,000,000 ordinary shares in the Company.

Notes to the consolidated financial statements (continued)

The Directors consider the substance of the acquisition of the Subsidiaries by the Company to have been a reverse asset acquisition by the Subsidiaries and that the substance of the Subsidiaries was that of a single business under common ownership and control. Further, the Directors consider that the Company did not meet the definition of a business set out in IFRS3 'Business combinations'. As a consequence, the Directors consider that the transaction which gave rise to the formation of the Group fell outside the scope of IFRS3 and have applied the business reorganisation principles of UK GAAP to account for the combination. The consolidated financial statements therefore present the combination as a continuation of the combined financial information of the Subsidiaries with no goodwill arising on the transaction. The financial information prior to the date of the combination on 15 April 2016 is pro forma.

At the date of approval of these financial statements, certain new standards, amendments and interpretations have been published by the International Accounting Standards Board but are not as yet effective and have not been adopted early by the Group. All relevant standards, amendments and interpretations will be adopted in the Group's accounting policies in the first period beginning on or after the effective date of the relevant pronouncement.

The Directors do not anticipate that the adoption of these standards, amendments and interpretations will have a material impact on the Group's financial statements in the periods of initial application except that:

IFRS15 'Revenue from contracts with customers' may have an impact on revenue recognition and related disclosures. IFRS15 is effective for annual periods beginning on or after 1 January 2018 and will be applied retrospectively. At this point it is not practicable for the Directors to provide an estimate of the effect of IFRS15 as a detailed review of this standard is ongoing in light of the Group's evolving business model.

IFRS16 'Leases' is expected to result in the capitalisation of a significant portion of the Group's operating leases. IFRS16 is effective for annual periods beginning on or after 1 January 2019 and may be applied retrospectively.

b) Going Concern

The Group's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the front end of the financial statements.

The Directors have carried out a detailed assessment of going concern as part of the financial reporting process, taking into consideration a number of matters including forecast cash flows for a period of at least 12 months from the date of approval of the FS, medium and long term business plans and expectations.

On the basis of their assessment, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis, see note 2 (c).

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

c) Significant accounting judgements, estimates and assumptions

Management consider the significant accounting judgements, estimates and assumptions used within the financial statements to be:

Going concern

At 30 September 2016 the Group had £743k of cash and net assets of £128k, this includes the non-current liability owed to a shareholder that (at the option of the company) is not payable until 2019, and then only at the Boards discretion with reference to liquidity of the business. Having undertaken a detailed budgeting exercise covering a period of at least 12 months from the date of approval of the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The going concern basis of accounting has been applied based on management's consideration of financial projections and business plan for the business, these include a number of forward looking assumptions about the future growth in the customer base and a reduction in costs following the successful website development, digital marketing, and Merlin integration with its associated consultants and agencies.

d) Financial Instruments

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company currently does not use derivative financial instruments to manage or hedge financial exposures or liabilities.

e) Trade and Other Receivables and Payables

Trade and other receivables and trade and other payables are initially recognised at fair value. Fair value is considered to be the original invoice amount, discounted where material, for short-term receivables and payables. Long term receivables and payables are measured at amortised cost using the effective interest rate method.

f) Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred tax

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

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

g) Revenue recognition

Revenue is measured at the fair value of consideration received and receivable and represents amounts received for services provided in the course of ordinary activities, net of discounts and sales related taxes.

Services and installation– the Group provides multiple services including the provision of broadband, mobile phones, telephony calls and minutes and wholesale services; revenue is recognised as the services are performed with up front connection fees charges charged at point of installation and a fixed monthly fee on all services. Calls to certain destinations can be bought by customers under fixed price bundles which are recognised as monthly fees. Where calls are made outside these bundles, they are treated as a variable revenue stream based on a number of minutes multiplied by unit price, recognised at the point of usage.

h) Segmental reporting

For the purpose of IFRS 8 the chief operating decision maker (“CODM”) is the Board of Directors. The Directors are of the opinion that the business comprises a single economic activity, being the provision of telephony services and that currently this activity is undertaken solely in the United Kingdom. All of the income and non-current assets are derived from the United Kingdom. The Company has a single customer that, in the reporting period, amounted to more than 10% of the Company revenue, revenue generated from this customer amounted to £568,796. At meetings of the Directors, income, expenditure, cash flows, assets and liabilities are reviewed on a whole Group basis. Based on the above considerations there is considered to be one reportable segment only namely telephony services.

Therefore, the financial information of the single segment is the same as that set out in the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes to equity and the consolidated statement of cash flows.

i) Share based payments

The cost of equity settled transactions is recognised, together with any corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date when the individuals become fully entitled to the award (‘vesting period’). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date has expired represents the Group’s best estimate of the number of equity instruments and the value which will ultimately vest. The statement of comprehensive income charge for the period represents the movement in the cumulative expense recognised at the end of that period.

The fair value of share based remuneration is determined at the date of grant and recognised as a expense in the statement of comprehensive income on a straight line basis over the vesting period taking into account the estimated number of shares that will vest. Unless otherwise stated the value is determined by use of a Black-Scholes model.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

j) Financial risk management objectives and policies

The Group does not enter into any forward exchange rate contracts.

The main financial risks arising from the Group's activities are cash flow interest rate risk, liquidity risk, price risk (fair value) and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised as:

Cash flow interest rate risk – the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's overdraft accounts with major banking institutions and on loans from shareholders

Liquidity risk – the Company raises funds as required on the basis of budgeted expenditure and inflows. When funds are sought, the Company balances the costs and benefits of equity and debt financing. When funds are received they are deposited with banks of high standing in order to obtain market interest rates.

Credit risk – with respect to credit risk arising from other financial assets of the Group, which comprise cash deposits and accounts receivable, the Group's exposure to credit risk arises from default of the counterparty, with a minimum exposure equal to the carrying amount of these instruments. The credit risk on cash is limited as cash is placed with substantial financial institutions.

k) Borrowings

Borrowings are recorded in accordance with IAS 32.

l) Equity

Equity instruments issued by the Company are recorded net at proceeds after direct issue costs.

m) Intangible assets

All intangible assets, are stated at cost less accumulated amortisation and any accumulated impairment losses. The Group's intangible assets arise from expenditure relating to website development.

These are amortised over their useful lives which are individually assessed:

Website development – 2 years

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

3. Loss before taxation

The loss before taxation is stated after charging:

	Year ended 30 Sep 16	Year ended 30 Sep 15
	£	£
Depreciation and amortisation	4,914	8,861
Loss on disposal of intangible fixed assets	2,328	-
Loss on disposal of tangible fixed assets	-	35,411
Impairment of trade receivables	15,864	
Fees payable to the Company's auditor for the audit of the Company's annual accounts	21,000	1,000
Payments made under operating leases	92,283	8,347
Share based payment charges	21,050	-
Administrative expenses include:		
Admission costs*	263,136	-
Marketing costs	342,552	105,504
Wages (including Directors)	322,600	107,796
Social security (including Directors)	30,279	11,661
Customer service	147,193	-

* A commission of £80,000 was payable to the brokers following the Company's listing on the London Stock Exchange and this has been recognised against the share premium account.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

4. Taxation

Analysis of charge in the year

	Year ended 30 Sept 2016 £	Year ended 30 Sept 2015 £
Current tax:		
UK corporation tax on loss for the year	-	-
Deferred tax release	-	21,336
Tax on loss on ordinary activities	-	21,336
Loss on ordinary activities before tax	(1,733,578)	(420,562)
Analysis of charge in the year		
Loss on ordinary activities multiplied by small companies rate of corporation tax in the UK of 20%	(346,716)	(84,112)
Tax effects of:		
Non-deductible expenses	810	-
Trading losses carried forward	345,906	84,112
Deferred tax release	-	21,336
	-	21,336

Current tax charge for the year as above

The Group has accumulated tax losses arising in the UK of approximately £2,150,000 (2015: £421,000) that are available, under current legislation, to be carried forward against future profits.

No deferred tax asset has been recognised in respect to these losses due to the uncertainty of future trading profits.

5. Loss per share

The calculation of loss per share is based on the following loss and number of shares:

	Year ended 30 Sep 16	Year ended 30 Sep 15
Loss for the year from continuing operations	(1,733,578)	(399,225)
Weighted average shares in issue		
Basic and diluted number of shares	62,898,630	39,000,000
Basic and diluted loss per share	(2.76)	(1.02)

As detailed in note 2a, the consolidated financial statements present the combination as a continuation of the combined financial information of the Subsidiaries with no goodwill arising on the transaction. Basic loss per share is calculated by dividing the loss for the year from continuing operations of the Company by the weighted average number of ordinary shares in issue during the year.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

The Company has in issue warrants at 30 September 2016, these are detailed in note 9. The inclusion of the warrants in the weighted average number of shares in issue would be anti dilutive and therefore they have not been included.

6. Intangible assets

Website Development costs	Year ended 30 Sep 16 £	Year ended 30 Sep 15 £
Cost or valuation		
Costs brought forward	2,328	-
Additions	17,800	2,328
Disposals	(2,328)	-
Costs carried forward	17,800	2,328
Accumulated amortisation		
Amortisation brought forward	-	-
Charge for the year	3,254	-
Amortisation carried forward	3,254	-
Net book value	14,546	2,328

Assets are amortised at 50% on a straight- line basis over their expected useful lives.

7. Trade and other receivables

	As at 30 Sep 16 £	As at 30 Sep 15 £
Current		
Trade receivables	16,912	44,371
Other receivables	125,312	150,387
Prepayments and accrued income	81,450	-
	223,674	194,758

There are no material differences between the fair value of trade and other receivables and their carrying value at the year end.

At 30 September 2015 no receivables were past due or impaired, at 30 September 2016 management reviewed the trade receivables balance and have recognised an impairment charge of £15,864 against receivables where there is uncertainty over recoverability.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

8. Cash and cash equivalents

	30 Sep 16	30 Sep 15
	£	£
Bank current account	743,824	130,853

9. Called up share capital

Ordinary shares of 0.0667 pence per share	No	Nominal value £
On incorporation	36,000,000	24,012
Shares issued on acquisition of Subsidiaries	39,000,000	26,013
Share placing	25,000,000	16,675
Share capital at 30 September 2016	100,000,000	66,700

On incorporation, the Company had an unlimited authorised share capital and an issued share capital of 36,000,000 ordinary shares of par value 0.0667 pence each.

On 15 April 2016, 39,000,000 ordinary shares were issued and allotted to David Breith in accordance with the terms of the share exchange agreements in relation to the acquisition of the subsidiaries

On 10 May 2016 following the Company's listing on the London Stock Exchange, 25,000,000 ordinary shares of par value 0.0667 pence each were issued, fully paid at £0.08 per share. A commission of £80,000 was payable to the brokers and this has been recognised against the share premium account.

Also on 10 May 2016 following the Company's listing on the London Stock Exchange, the Company issued warrants over 8,100,000 ordinary shares as follows:

- 3,000,000 warrants to the Non-Executive Directors to subscribe for one new ordinary share at £0.08 per share at any time during the period commencing on the second anniversary of admission ("Vesting Date") and at the second anniversary of the Vesting Date, a vesting condition of the warrants is that the holder is a director of the Company on the date of vesting;
- 5,000,000 warrants to the subscribers to the placing to subscribe for one new ordinary share at £0.16 per share at any time during the period commencing on admission and expiring at midnight on the second anniversary thereof save that in the event that the closing price of the ordinary shares is equal to or in excess of £0.24 pence for 10 consecutive trading days then the Company may serve notice on the warrant holders requesting that they exercise their warrants within 14 days in lieu of which they shall lapse; and
- 100,000 warrants to Cairn Financial Advisers to subscribe for one new ordinary share at £0.08 per share at any time during the period commencing on admission and expiring at midnight on the second anniversary thereof

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on a winding up). The ordinary shares do not confer any rights of redemption.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

The fair value of the 3,000,000 warrants issued to the Non-Executive Directors and of the 100,000 warrants issued to Cairn Financial Advisers have been determined using the Black-Scholes option pricing model. The fair value at the date of grant per warrant was £0.04 for the 3,000,000 tranche and £0.03 for the 100,000 tranche. The fair value of the warrants issued to the Non-Executive Directors has been charged to the income statement evenly over the vesting period resulting in a charge in the current period of £21,050. The fair value of the warrants issued to Cairn Financial Advisers of £3,080 has been included in the costs of the Company's and placing and therefore debited to share premium.

The inputs to the Black-Scholes model were as follows:

Warrants granted	3,100,000
Stock price	8p
Exercise price	8p
Risk free rate	1%
Volatility	70%
Time to maturity	4 years/2 years

The Company has recently listed on the main market of the London Stock Exchange. It is difficult to calculate the expected volatility of its share price at the year end. Management have therefore considered volatility of listed entities in similar operating environments to calculate the expected volatility.

The fair value of the 5,000,000 warrants issued to subscribers to the placing is considered to comprise a component of the fair value of the ordinary shares issued in the placing. The Directors do not consider the fair value of the warrants to be a material component of the fair value of the shares issued in the placing.

10. Trade and other payables

	As at 30 Sep 16 £	As at 30 Sep 15 £
Trade payables	187,087	69,449
Social security and other taxes	56,606	-
Other payables	10,271	-
Shareholder loan account	-	512,141
Accruals and deferred income	131,426	7,000
	385,390	588,590
	As at 30 Sep 16	As at 30 Sep 15
Non – current liabilities		
Shareholder loan account	469,140	-

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

Financial liabilities, with the exception of the shareholder loan included within trade and other payables are all considered to be repayable within 30 days.

On 3 May 2016, the Company put in place formal documentation relating to the balance owed to David Breith, the majority shareholder. The balance cannot be recalled by the shareholder until the third anniversary of the agreement and after this anniversary only repayable if the Board consider the Company in a position to service the debt. Therefore, the balance has been classified as non-current in the financial statements but is shown as current in the comparative.

The loan is interest free and has a cash value of £606,756, the Directors consider the market rate of interest that they may be able to obtain for a similar borrowing from a 3rd party to be 10%. The present value of the loan is £469,140 and the present value adjustment has been recognised as a capital contribution within equity. The value of the interest that has been recognised in the statement of comprehensive income at 30 September 2016 is £19,065.

11. Related party disclosures

	12 months to 30 Sep 2016	12 months to 30 Sep 2015
Goods/services purchased from Vitrx Limited	4,362	6,000
Goods/services purchased from Blabbermouth Marketing Limited	-	15,767
Goods/services purchased from Diffrenet Limited	8,368	
Goods/services purchased from Dotfusion Limited	60,000	-
Goods/services supplied to Vitrx Limited	74,510	21,790
Goods/services supplied to Diffrenet Limited	546	

The above companies are disclosed as related parties due to the nature of the business relationship with Mr David Breith, a major shareholder of Toople PLC. Mr David Breith is a Director or co-owner of the above companies, excluding Dotfusion.

Mr Piotr Kwiatowski is the owner of Dotfusion and is a shareholder in Toople PLC, there were no balances outstanding between the parties at 30 September 2016.

There were no balances outstanding between the parties at 30 September 2016.

During the year to 30 September 2016 Toople Plc recharged certain administrative expenses to its subsidiaries through a management fee. The total amount charged was £501,375. At 30 September 2016 Toople Plc was owed £1,400,175 from its subsidiaries.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

12. Directors, key management and employees

Details of the Directors and key management personnel are set out on pages 7 to 8.

Details of Directors' remuneration are set out in the Remuneration Committee Report on page 20 to 25.

The total remuneration of the directors and key management personnel is £141,383, as set out below in aggregate for each of the categories specified in IAS24:

Directors	2016 £	2015 £
Short term benefits – Salaries and fees	120,333	-
Share based payments	21,050	-
Total	141,383	-

The average number of persons employed by the Group (excluding Directors) during the year was 14 (2015: 4), analysed by category as follows:

	30 Sept 2016	30 Sept 2015
Management and Finance	1	0
Sales and Marketing	1	1
Administration	1	1
Operations	11	2
Total	14	4

13. Financial instruments

The Group's principal financial instruments comprise cash balances, accounts payable and accounts receivable arising in the normal course of its operations.

The financial instruments of the Group at year-end were:

	30 Sept 2016 £	30 Sept 2015 £
Loans and receivables - Cash and cash equivalents	743,824	130,853
Loans and receivables - Trade and other receivables	142,224	194,758
Financial liabilities		
Financial liabilities measured at amortised cost - Cash and cash equivalents	-	-
Financial liabilities measured at amortised cost - Trade and other payables	854,530	588,590

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

a) Interest rate risk

The Group has floating rate financial assets in the form of deposit accounts with major banking institutions; however, it is not currently subjected to any other interest rate risk.

Based on cash balances at the statement of financial position date, a rise in interest rates of 1% would not have a material impact on the profit and loss of the Group.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. All current liabilities are considered to be repayable on demand.

c) Credit risk

The Group had receivables of £223,674 at 30 September 2016. Receivables at the year-end were not past due, and the Directors consider there to be no significant credit risk arising from these receivables. At 30 September 2016, the directors management reviewed all trade and other receivables that were greater than 60 days old and included a provision for impairment of £15,864.

d) Capital risk management

The Group defines capital as the total equity of the Company and its subsidiaries. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders of the Company and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

e) Fair value of financial assets and liabilities

There are no material differences between the fair value of the Group's financial assets and liabilities and their carrying values in the financial information.

14. Pension Commitments

The Group had no pension commitments outstanding at the year end.

15. Dividends

No dividends have been proposed or paid for either the current or previous reporting periods.

16. Ultimate Controlling Party

The Directors have determined that there is no controlling party as no individual shareholder holds a controlling interest in the Company.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the consolidated financial statements (continued)

17. Subsequent events

There were no subsequent events.

18. Operating leases

The amounts of minimum lease payments under non-cancellable operating leases are as follows:

Operating leases which are due:	30 Sept 2016	30 Sept 2015
Within one year	92,283	92,283
In the second to fifth years inclusive	207,212	299,495
Over five years	-	-

The Company has entered into operating leases on its premises and certain computer equipment and fixtures and fittings. Lease terms are between three and five years.

19. Copies of the Annual Report

Copies of the annual report will be available on the Company's website at www.toople.com and from the Company's registered office.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Company statement of financial position

	NOTE	As at 30 Sep 2016 £
ASSETS		
Non-current assets		
Investments in subsidiaries	5	26,013
		<u>26,013</u>
Current assets		
Trade and other receivables	6	1,407,524
Cash and cash equivalents		627,630
		<u>2,035,154</u>
Total assets		<u>2,061,167</u>
EQUITY and LIABILITIES		
Capital and reserves attributable to equity shareholders		
Share capital	7	66,700
Share premium		1,900,245
Share based payment reserve		24,130
Accumulated deficit		(21,399)
Total equity		<u>1,969,676</u>
Current liabilities		
Trade and other payables	8	91,491
		<u>91,491</u>
Total equity and liabilities		<u>2,061,167</u>

The notes to the financial statements form an integral part of these financial statements

This report was approved by the Board and authorised for issue on and signed on its behalf by;

Signed **Andrew Hollingworth, Director**
30 January 2017

Company Registration Number: 10037980

Company statement of changes in equity

	Share capital	Share premium	Share Based Payment reserve	Accumulated deficit	Total
	£	£	£	£	£

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Balance on incorporation	-	-	-	-	-
Loss for the period	-	-	-	(21,399)	(21,399)
Total comprehensive loss for the year	-	-	-	(21,399)	(21,399)
Transactions with owners					
Share issue net of costs	66,700	1,900,245	-	-	1,966,945
Share based payment charge credited to equity	-	-	24,130	-	24,130
At 30 September 2016	66,700	1,900,245	24,130	(21,399)	1,969,676

Share capital comprises the ordinary issued share capital of the Company.

Share premium represents the aggregated excess of the fair value of consideration received for shares issued over par value in respect of shares issued by the Company net of attributable share issue costs and other permitted reductions.

Share based payments reserve represents the cumulative value of share based payments recognised through equity.

Accumulated deficit represent the aggregate retained deficit of the Group.

The notes to the financial statements form an integral part of these financial statements.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Company statement of cash flows

**Period ended 30
September 2016**

£

Cash flows from operating activities

Operating loss (21,399)

Share based payment charge 21,050

Changes in working capital

(Increase) in receivables (7,349)

Increase in payables 91,491

Net cash outflow from operating activities 83,793

Cash flows from financing activities

Proceeds from issue of share capital 1,944,012

Net cash from financing activities 1,944,012

Cash flows from investing activities

Advances to subsidiaries (1,400,175)

Net cash from investing activities (1,400,175)

Net increase in cash and cash equivalents 627,630

Cash and cash equivalents at start of period -

Cash and cash equivalents at end of period 627,630

The notes to the financial statements form an integral part of these financial statements.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the Company financial statements

1. General Information

The Company was incorporated in England and Wales on 2 March 2016 as a public limited company. The Company's registered office is located at PO Box 501, The Nexus Building, Broadway, Letchworth Garden City, Hertfordshire, SG6 9BL.

It is the holding Company of a Group which provides a range of telecoms services primarily targeted at the UK SME market. Services offered by the Group include business broadband, fibre, Ethernet First Mile and Ethernet data services, business mobile phones, cloud PBX and SIP Trunking and traditional services (calls and lines) all of which are delivered and managed through Merlin, the Group's proprietary software platform.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted by the Company are the same as those for the Group. Certain additional policies are set out below:

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use by the European Union, and effective, or issued and early adopted, as at the date of these statements. The financial statements have been prepared under the historical cost convention.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Key judgements and estimates

The Company is the holding Company of the Group's subsidiary undertaking and therefore management have not identified any areas of key judgements or estimates.

3. Loss for the financial period

The Company has taken advantage of section 408 of the Companies Act 2006 and consequently a profit and loss account has not been presented for the Company. The Company's loss for the financial period was £21,399. Auditor's remuneration to Crowe Clark Whitehill LLP of £21,000 for audit services provided to the Company are charged to a subsidiary company.

4. Directors' remuneration

The average number of persons employed by the Company during the period was 4, analysed by category as follows:

	2016
Directors and management	4
	4

Staff costs during the period are borne by subsidiary entities.

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the Company financial statements (continued)

5. Investment in subsidiaries

	2016
	£
On incorporation	-
Additions	26,013
At 30 September 2016	26,013

See note 2a to the Consolidated financial statements for details regarding this addition.

The Company owns more than 20% of the issued share capital of the following undertakings:

Name	Incorporated	Activities	Capital	% held
Toople.com Limited	England & Wales	Provision of telecoms services	Ordinary shares	100%
Ask Merlin Limited	England & Wales	Software development	Ordinary shares	100%
Toople Finance Limited	England & Wales	Dormant	Ordinary shares	100%
Toople Management Services Limited	England & Wales	Dormant	Ordinary shares	100%
Ask Merlin Poland sp Zoo	Poland	Software development	Ordinary shares	100%

6. Other receivables

	30 Sep 2016
	£
Current	
Amounts due from subsidiary undertakings	1,400,175
Other receivables	7,349
	1,407,524

7. Share capital

Details of the Company's share capital and equity instruments are set out in note 9 to the consolidated financial statements

8. Other payables

	30 Sep 2016
	£
Current	
Trade creditors	4,400
Social security and other taxes	43,879
Accruals and deferred income	43,212
	91,491

Toople Plc
Annual Report & Accounts
For the Year Ended 30 September 2016

Notes to the Company financial statements (continued)

9. Related party disclosures

Other than financing and trade with wholly owned subsidiaries the Company did not enter into any other related party transactions. Remuneration of Directors and Key management can be found in note 11.

10. Leases

The Company has not entered into any lease arrangements. Lease entered into by members of the Group are disclosed in note 18 to the consolidated financial statements.

11. Financial instruments

The Company's principal financial instruments comprise cash balances, accounts payable and accounts receivable arising in the normal course of its operations.

The financial instruments of the Company at year-end were:

	30 Sept 2016
	<hr/> £
Loans and receivables - Cash and cash equivalents	627,630
Loans and receivables - Trade and other receivables	1,407,524
Financial liabilities	
Financial liabilities measured at amortised cost - Trade and other payables	91,491
	<hr/>

Details of the Company's exposure to risk can be found in note 13 to the consolidated financial statements.