Toople Plc

Annual Report & Accounts

for the year ended

30 September 2018

Contents

Company Information

Directors
Richard Horsman (Chairman & Non-Executive Director)
Geoffrey Wilson (Non-Executive Director)
Andrew Hollingworth (Chief Executive Officer)
Kevin Lawrence (Chief Financial Officer)

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Introduction

Toople delivers robust and reliable business broadband and telephony solutions to UK SMEs.

Our vision is based on trust and transparency, with no hidden fees. Uniquely, our cost is fixed for the duration of the contract. Since there can be no retail or other price increases for the duration of a contract, we make it easy for SMEs to budget.

We believe telecommunications solutions should be ticking away in the background, so that businesses can focus on serving customers and generating new business.

Toople's business model and a unique selling point, is that it provides facts in straightforward language and a simple to understand fee structure, rather than in complicated jargon and acronyms. We are carrier agnostic and all customers are paired with the best carrier for their location based on speed and bandwidth. This makes us truly independent. Merlin, our online delivery platform, connects to all the major UK carriers.

Highlights

Financial Highlights:

Revenue, showing significant growth of our business year on year

- Group revenue grew by 17.5% to £1,505,000
- Broadband revenue grew by 112%
- Hosted revenue grew by 345%
- Mobile revenue grew by 221%

Other financial metrics also showing growth

- Gross profit increased in GBP terms by 28% to £203,624 (FY17: £159,305)
- Overall gross margin improved by 1.1 percentage points to 13.5%
- Retail margin improved from 16.5% to 21.7%, driven by improved gross margins on Broadband and Mobile
- Increase in costs as sales team brought in-house, driving significant increase in lead conversion and sales, resulting in lower cost of acquisition per customer

Operational Highlights:

- Significantly strengthened management team, focussed on driving growth, innovation and sales
- Successful and oversubscribed fund raising, showing support for business's management and strategy
- Management expects recent placing to deliver cash generation
- Number of material new contract wins and partnership agreements validating management decision to bring sales function in-house
- Strong current trading including record month in October 2018 followed by another record month in November and a healthy new business pipeline

At a Glance

We provide bespoke telecommunication services to small and medium enterprises (SMEs) in the UK.

Our products are available with minimum delay, at an attractive price and accompanied by excellent customer services. Our services comprise the provision of cloud based telephony services, or Voice over Internet Protocal (VoIP) telephony; broadband over copper, EFM and Ethernet data and mobile services.

We are ideally placed to take advantage of the migration from traditional services to fibre broadband and VoIP telephony. To adapt to inevitable technological development, Toople is being selected for its leading broadband products and VoIP.

Our "online first" business model is supported by direct digital marketing campaign, one of the central tenets of our growth strategy. We also have multiple sales and marketing channels.

Our proprietary delivery Platform, Merlin, drives further demand. Merlin is a modern and smart platform, providing an end-to-end automated process allowing customers to place orders easily. It is a feature rich ERP platform, driving Toople from a highly efficient and automated position. It is cloud-based and has over 2,500 web pages delivering all necessary functionalities: HR, administration, could, ticketing, sales/CRM, billing, finance and revenue assurance, support functions and marketing.

We are also able to provide instant quotes based on competitive prices.

Toople has been listed on the main market of the London Stock Exchange since May 2016 and is headquartered in London. Our operations and billing are in Slough, the sales team is in Warrington and Merlin development takes place in Poland.

Toople is:

- committed to correcting the price of telecoms for SMEs
- providing services which can all be delivered online, and simply
- a transparent, fixed cost telecoms provider
- focussed on customer experience
- constantly updating, as we continue to development our own proprietary software (Merlin) to create a better experience for our customers

Business Model

Toople's business model has two distinct channels:

Retail component

Toople provides cloud-based business phone services directly to SMEs. We offer business broadband, including superfast data. Our data services comprise Ethernet First Mile and Ethernet. We also provide business mobile and SIM services, and traditional services (calls and lines).

Wholesale component

We offer white label services on behalf of other telecommunication companies. They have access to Toople's proprietary platform for wholesalers, Merlin, which allows wholesales to connect with carriers and to provide billing services to their own customers.

Our direct digital marketing campaign ensures that in excess of 1 million business owners / decision makers see our propositions every month. This is complemented by the use of social media channels and B2B cost comparison sites.

Strategy

There are approximately 5.4 million SMEs in the UK. These are the businesses that we are targeting.

Future strategy:

- Become the telecoms supplier of choice for SMEs delivering instant, easy communication solutions
- Invest in direct digital marketing to drive customer growth
- Drive profit growth and visibility and predictability of revenues
- Sales moving from outsourced to in-house – results in a more consultative sale rather than a transactional one

Investment proposition:

- Significant and growing target market
- Rapidly increasing customer base with clear demand for offering
- Successful direct digital marketing capability
- Predictable recurring revenues
- Experienced and proven management
- Highly scalable model - low CapEx
- Strong industry pier group sector valuations

Growth opportunities:

Organic

- Demand for broadband will continue to grow
- Economic uncertainty, means small business customers need value and pricing certainty
- We will bridge that gap and provide what businesses want
- We benefit from an increasing demand for our cloud-based tech solutions

Acquisitions

- Highly fragmented market ripe for consolidation
- Potential to deploy capital to accelerate growth organically of revenues streams and margins
- Strong management team and Board in place with considerable sector and M&A experience

Chairman's Statement

A Record Year for Your Company

This has been an exciting year for the Company and I am very pleased to present the latest annual report and accounts.

The Company achieved a number of important milestones this year, notably the successful £2.2 million placing announced in September 2018 which is expected to deliver cash generation. This over-subscribed fundraise showed continued belief in Toople's management and strategy and will provide important resources drive business growth.

It has been a year of building success for the future. We ended our financial year strongly, with over 600 small businesses concluding contracts directly with Toople during August and September 2018. An increasing number of orders come from existing customers, demonstrating Toople's ability to grow both by adding new customers as well as selling add-ins to its existing customer base. The wholesale side of the business has been overhauled with a focus on increasing margin and as a result has attracted new growth with nine new agreements signed. We expect this channel to achieve continued growth with well qualified partners.

In August we landed a major contract win with a well-known reseller, for an initial three years with an expected £3.5 million in additional revenue. Partners selling Toople's services now include specialist telecoms resellers, utility, chip and pin, fuel, energy and mobiles providers to SMEs based all over the country.

We added a significant number of new contract wins over the financial year, showing the strength of both our business offering and our sales and marketing strategy. We are excited about the momentum we are building in our new business pipeline and we hope that as customers experience our world class services and see our outstanding TrustPilot reviews that even more UK SMEs will continue to add to our already expanding pool of clients.

This momentum has showed in our financial results too, with broadband, hosted and mobile revenue all showing growth over the 100% mark, a benchmark we are proud of building over the past year.

The strength and growth of the business has continued into the new financial year. As reported recently, in October 2018 Toople received the highest number of orders by contract value in one month in its history with the contract value of signed customers equating to revenue in excess of £250,000 for the Company over a 24-month period and the largest monthly number of directly contracted small businesses joining Toople which represented a 40% increase compared to prior months. Additionally, the November results have showed further growth over and above October, with in excess of another £250,000 of contracted revenue again achieved in the month.

I would like to take this opportunity to thank our partners, customers, employees, Board and of course our shareholders for their support over the past year.

Richard Horsman
Non-Executive Chairman
17 December 2018

Chief Executive Officer's Review

Expect Growth and Expansion to Continue in the Future

I am very pleased to update our shareholders on our record year of performance, as our reach across the small business market rockets from a low base, whilst setting a trajectory that will allow Toople to become the telecommunications partner of choice to UK SMEs.

As a whole, the small business market is robust and growing, as big corporates struggle in an unstable economic climate. There are approximately 5.4 million SMEs in the UK, over five million of which have less than 50 employees. 73% of the UK's SMEs with five or more employees are expected to grow over the next two years.

As the market grows, so do we, and as a result this year we have realised a number of large, impressive milestones:

- Our small business customers base grew by over 100% and is currently growing at over 450 small business joining every month
- Successful £2.2 million fundraising
- 9 new partner agreements signed.

With existing customers providing an increasing number of orders, we are seeing a lower cost of acquisition per customer. This also proves that Toople offers a great customer experience. Following a review of our wholesale business, we have also seen 9 new partners sign contracts to take white labelled services at the right margin.

The digital marketing campaign, one of the central tenets of our growth strategy, is generating an increasing level of enquiries from potential customers and a growing conversion rate. This campaign has been structured to generate the best possible returns on capital employed, which together with efficient operating procedures has further reduced the cost of new customer acquisition and is generating new incremental business for the Company.

Our ability to continue to sell products to existing customers is underpinned by Toople's excellent Trust Pilot scores which are consistently the highest in the market for a B2B telecoms company.

Importantly, the growth is reflected in the financial results with revenue and margins increasing, illustrating that our strategy is coming to fruition. In addition, during the year the Group elected to change its accounting policy to capitalise certain development costs associated with its Merlin platform as an intangible asset the costs for which historically have been expensed as incurred.

Overall group revenue grew by 17.5% to £1.5 million (FY 2017: £1.28 million) with Broadband revenue growing by 112%, hosted revenue by 345% and mobile revenue grew by 221%. Gross profit increased by 28% to £203,624 (FY17: £159,305) and overall gross margin improved by 1.1 percentage points to 13.5%. The retail margin improved from 16.5% to 21.7%, driven principally by improved gross margins on Broadband and Mobile.

We took the strategic decision to invest in our sales and marketing function, taking this in-house which led to an expected short term increase in costs and a slight increase in the overall loss. We expect that this decision will drive significantly better future sales performance and we are already seeing stronger new business pipelines, as evidenced by the October and November trading performances.

Our management team was further strengthened this year with the appointment of Kevin Lawrence in June 2018 as CFO. He is a welcome addition to the senior team and he has significant experience in building companies like our own through organic and acquisitive growth.

Going forward, we will continue to grow and scale the business as an increasing number of SMEs look for a one-stop easy-to-use telecoms provider that can tailor a package to their exact business needs.

Our strategy of top quality customer service, a dedicated sales and marketing team, a refreshed and renewed management team and a bespoke product that gives clients exactly what they need in a simple, easy to use package is our recipe for success and one that is showing phenomenal results.

We are the modern telecommunications partner of choice. From our launch, all our propositions have been built on next generation technology and have been future proofed to take advantage of modern developments, such as the phasing out of copper.

We look forward to continuing to build Toople in 2019 and creating value for our shareholders.

Andrew Hollingworth
Chief Executive Officer
17 December 2018

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 acquisitive 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 3,000 customers per month within 3 years. Mr. Hollingworth was appointed to the Board of the Company on 2 March 2016.

Kevin Lawrence, Chief Finance Officer (Appointed 28 June 2018)

Mr. Lawrence qualified as a chartered accountant in 1986 with Coopers & Lybrand (now PwC) where he spent 14 years before moving to Grant Thornton. He has subsequently held senior financial positions in a wide range of businesses including Group Finance Director of Lighthouse Group plc, an AIM-quoted financial services business that he joined at IPO and is now the largest listed Independent Financial Advice business in the UK, and CFO of Cybit Holdings PLC between 2002 and 2010 when the business was taken private by a US-based private equity firm.

In 2011 Mr Lawrence led the Cybit business through a reverse takeover of Masternaut Group to become the pan-European leader in telematics with revenues of EUR100m and 500 employees. Most recently, Mr Lawrence was CFO of Atego Group, a software development company which was acquired by PTC Inc in 2014 and currently holds the position of CFO at Gardien Group, a private equity backed business specialising in the testing of PCB boards that are fabricated for clients supplying the automotive, defense, telecommunications, aerospace, medical and computer markets worldwide. He joined Toople in June 2018.

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. 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.

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.

Directors' Report

The Directors present their report with the financial statements of the Company for the year ended 30 September 2018. A commentary on the business and its prospects is included in the Chief Executive Officer's report on pages 10 to 11. A review of the business is also included in the Strategic Report on pages 17 to 19.

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 2018 were as follows (audited):

Director	Position	Appointed	Ordinary shares	Warrants	Other
Richard Horsman	Chairman and Non-Executive Director	03/03/2016	12,000,000	2,000,000	-
Geoffrey Wilson	Non-Executive Director	03/03/2016	6,366,666	1,000,000	-
Andrew Hollingworth	Chief Executive Officer	02/03/2016	28,250,000	-	-
Adrian Andrews*	Chief Financial Officer	04/10/2017	-		
Kevin Lawrence	Chief Financial Officer	28/06/2018	3,966,666		

**Resigned 26 June 2018*

Substantial shareholders

As at 30 September 2018, the total number of issued ordinary shares with voting rights in the Company was 954,389,559. Details of the Company's capital structure and voting rights are set out in note 10 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 7 December 2018.

Party Name	Number of Ordinary Shares	% of Share Capital
Epsilon Investments Pte Ltd	60,000,000	6.29%
Stephen Davis	31,992,368	3.35%
Andrew Birrell	30,000,000	3.14%

Financial instruments

Details of the use of financial instruments by the Group are contained in note 14 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.

Dividends

The Directors do not propose a dividend in respect of the year ended 30 September 2018 (2017: £nil).

Auditor

The Board appointed PKF Littlejohn LLP as auditors of the Group on 15 November 2017. They 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 judgements 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.

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 position and 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 17 December 2018 and is signed on its behalf by;

Andrew Hollingworth
Director
17 December 2018

Strategic Report

The Directors present the Strategic Report of Toople Plc for the year ended 30 September 2018.

Principal Activities

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.

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. AskMerlin owns the intellectual property rights for the Group's Merlin platform and the primary activity of this company is the continued development of Merlin that underpins the commercial activities of the Toople Group.

Review of the 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 10-11. During the year the Directors considered that the Group now met the capitalisation criteria of IAS 38 "Intangible Assets". Consequently certain costs in relation to the Merlin platform are now capitalised provided the set criteria is met. During the year the Group was successful in obtaining an R&D tax credit in respect of its R&D work on its Merlin platform amounting to £174,223. Further details are contained in Note 5 to the financial statements.

Social/Community/Human rights matters

The Company operates a gender diverse business and ensures that employment practices take into account the necessary diversity requirements and compliance with all employment laws. The Board has experience in dealing with such issues and sufficient training and qualifications to ensure they meet all requirements.

Key Performance Indicators

The Directors monitor the activities of the Group through certain KPI's including:

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

The Group also monitors its performance through financial results as set out below:

	Revenue £'000	Gross profit £'000	Earnings per share (pence)
2018	1,505	203	(0.60)
2017	1,281	159	(1.11)

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 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's success is dependent on significant growth in customer numbers and orders
- 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
- The loss of a significant wholesale customer would impact revenues with marginal effect on gross profit
- 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 and increased competition in the SME market
- 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 high incidence of fraud and bad debt risk and therefore to regulation by Ofcom

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.

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. 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

The event of a breach of any environmental or regulatory requirements 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 17 December 2018.

Richard Horsman
Chairman

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 voluntarily 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, it follows 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:

- 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 2018.

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 2018 the Board met on 11 occasions. 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 (see pages 12 to 13) 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.

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

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

Attendance at Board meetings;

Member	Meetings attended
Richard Horsman	10 of 11
Andrew Hollingworth	11 of 11
Kevin Lawrence	2 of 2
Geoffrey Wilson	10 of 11
Adrian Andrews*	7 of 7

**Resigned 26 June 2018*

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.

The terms and conditions of appointment of Non-Executive Directors will be made available upon written request.

Remuneration Committee

The Company has established a Remuneration Committee, the members of which are independent Non-Executive Directors, 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.

Terms of reference of the Remuneration Committee will be made available upon written request.

Audit Committee

The Company has established an Audit Committee with delegated duties and responsibilities, the members of which are independent Non-Executive Directors. 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.

Terms of reference of the Audit Committee will be made available upon written request.

Nominations Committee

As mentioned earlier in the Governance Report, there is currently no Nominations Committee in place. However, the Board meets to identify and nominate candidates to fill Board vacancies as and when they arise. The members of the Board at these meetings were Richard Horsman (Chair), Andrew Hollingworth and Geoff Wilson. The Committee meets on an as needs basis. The Committee met twice during the year in relation to role of Chief Financial Officer which was vacated during the period.

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 32 - 33 and the Remuneration Committee on pages 26 - 31. 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 12-13 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 – no separate Nominations Committee has been established for appointments to the Board.

The Directors advertise vacancies and engage appropriate professional assistance in filling positions as circumstances merit. During the recruitment of Adrian Andrews in October 2017, the Board engaged the services of Exec Recruit Group Ltd. The Company has no connection to Toople.

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

Induction - All new Directors receive an informal induction as soon as practicable on joining the Board. There is currently no formal process in place due to the current size and stage of development of the Company.

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 of regular face to face meetings is most appropriate, in which all Board members discuss any issues as and when they arise in relation to the Board or any individual member's performance.

Although the Board consisted 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 2018:

	Male	Female
Directors	4	-
Senior Managers	1	1
Other employees	12	1

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 20-25. 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 32-33.

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. Note 2(c) to the consolidated financial statements includes further details in relation to how the directors have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate. In addition, note 14 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 given due and careful consideration, 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.

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 26-31 contains full details of the role and activities of the Remuneration Committee.

Shareholder relations

Communication and dialogue – Open and transparent communication with shareholders is given high priority. 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.

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 who may be present. The outcome of the Annual General Meeting and resolutions put to the meeting are announced via a regulatory information service as soon as practical after the meeting.

This Governance Report was approved by the Board and signed on its behalf by:

Geoffrey Wilson
Non-Executive Director
17 December 2018

Directors' Remuneration 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.

In the year to 30 September 2018 the two members of the Remuneration Committee have not met.

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 a remuneration policy so that a meaningful proportion of Executive and Senior Management's remuneration is 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.

There was no vote taken during the last general meeting with regard to the Director's remuneration policy. This is considered reasonable given the current size and stage of development of the Company and the fact that remuneration is not currently linked to performance. This will be revisited in future periods once a meaningful remuneration policy has been implemented as noted above.

Directors' remuneration

The Directors who held office at 30 September 2018 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
Kevin Lawrence	Chief Financial Officer

Details of these beneficial interests can be found in the Directors' Report on pages 14-16.

Each of the Directors entered into service agreements at the time of the Company's admission to the market in April 2016 or on appointment if later. 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 vested on the second anniversary of admission to the Official List, on 10 May 2018. 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 Consulting. Pursuant to the terms of a consultancy agreement High Lees Consulting 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 vested on the second anniversary of Admission to the Official List, on 10 May 2018. 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.

Andrew Hollingworth is employed as Chief Executive Officer under a service agreement with the Company dated 3 May 2016. Per this service agreement he is entitled to a salary of £120,000 per annum. He may 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, or immediately upon payment in lieu of notice and contains a garden leave clause. None of the remuneration paid was subject to performance conditions. During the year Andrew Hollingworth formally and voluntarily agreed to a reduction in salary to £60,000 per annum for the foreseeable future. He has confirmed that unpaid amounts will not be clawed back in later periods and as such the Company has not recorded any additional liability in respect of his salary for the 2018 financial year.

Kevin Lawrence is engaged as Chief Financial Officer under an agreement with the Company dated 21 June 2018 pursuant to which he is contracted to work one day per week and receive an annual remuneration of £10,800. In addition, and pursuant to a separate arrangement, he is entitled to be paid £700 per day for any days worked over and above his contractual agreement. His agreements are terminable by either party on not less than 6 months' written notice. None of the remuneration paid was subject to performance conditions.

Remuneration components

For the year ended 30 September 2018 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 2018:

Name of Director	Short terms employment benefits		Other long term benefits		Total	
	2018	2017	**2018**	2017	**2018**	2017
	£	£	**£**	£	**£**	£
Richard Horsman	**50,000**	50,000	-	-	**50,000**	50,000
Geoffrey Wilson	**36,000**	36,000	-	-	**36,000**	36,000
Non-Executive total	***86,000***	*86,000*	-	-	***86,000***	*86,000*
Andrew Hollingworth	**60,000**	55,000	-	45,000	**60,000**	100,000
Adrian Andrews*	**36,113**	-	-	-	**36,113**	-
Neil Taylor**	-	17,500	-	-	-	17,500
Kevin Lawrence***	**14,600**	-	-	-	**14,600**	-
Executive total	***110,713***	*72,500*	-	*45,000*	***110,713***	*117,500*
Total	**196,713**	158,500	-	45,000	**196,713**	203,500

**Resigned 26 June 2018*
***Resigned 10 May 2017*
****Appointed 28 June 2018*

As at 30 September 2018, the following amounts were owed to certain directors for fees and salaries for services provided to the Group:

Richard Horsman. Amount owed - £7,833. Prior to the placing of new shares in September 2018, the amount owing to Mr Horsman amounted to £33,333, of which £25,500 was settled through the allotment of new shares, £3,000 will be settled through payroll during the year ending 30 September 2019, and the balance of £4,833 will be settled with his service company in the year ending 30 September 2019.

Geoff Wilson. Amount owed - £10,000. Prior to the placing of new shares in September 2018, the amount owing to Mr Wilson amounted to £24,000, of which £14,000 was settled through the allotment of new shares and, £10,000 will be settled through payroll during the year ending 30 September 2019.

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 2018 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 2018	As at the date of this report	Number of share warrants	Number of share options/warrants vested but unexercised
Richard Horsman	12,000,000	3,500,000	2,000,000	2,000,000
Geoffrey Wilson	6,366,666	6,366,666	1,000,000	1,000.000
Andrew Hollingworth	28,250,000	28,250,000	-	-
Adrian Andrews*	-	-	-	-
Kevin Lawrence	3,966,666	3,966,666	-	-

**Resigned 26 June 2018*

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.

Directors' interests in share warrants (audited)

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

	Number of Warrants	
	2018	2017
Richard Horsman	**2,000,000**	2,000,000
Geoffrey Wilson	**1,000,000**	1,000,000
Andrew Hollingworth	-	-
Adrian Andrews*	-	-
Kevin Lawrence**	-	-

**Resigned 26 June 2018*
***Appointed 28 June 2018*

The awards vested on 10 May 2018, on the second anniversary of admission of the Company to the Official List and 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.

UK 10-year performance graph

The Directors have considered the requirement for a UK 10-year performance graph comparing the Groups Total Shareholder Return with that of a comparable indicator. The Directors do not currently consider that including the graph will be meaningful because the Company has only been listed since April 2016, is not paying dividends and is currently incurring losses as it gains scale. In addition and as mentioned above, the remuneration of Directors is not currently linked to performance and we therefore do not consider the inclusion of this graph to be useful to shareholders at the current time. The Directors will review the inclusion of this table for future reports.

UK 10-year CEO table and UK percentage change table

The Directors have considered the requirement for a UK 10-year CEO table and UK percentage change table. The Directors do not currently consider that including these tables would be meaningful because, as described under the Directors' Service Contracts section above, Andrew Hollingworth has waived a significant proportion of his contractual remuneration, and in addition remuneration is not currently linked to performance, therefore any comparison across years or with the employee group would be significantly skewed and would not add any information of value to shareholders. Andrew Hollingworth's remuneration is disclosed in full in the Directors' Emoluments & Compensation section. The Directors will review the inclusion of this table for future reports.

Relative importance of spend on pay

The Directors have considered the requirement to present information on the relative importance of spend on pay compared to shareholder dividends paid. Given that the Company does not currently pay dividends we have not considered it necessary to include such information.

Policy for new appointments

Base salary levels will take into account market data for the relevant role, internal relativities, the 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.

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.

Approved by the Board on 17 December 2018.

Richard Horsman
Chairman of the Remuneration Committee

Audit Committee Report

The Audit Committee 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, accounting policies and disclosures in financial reports, which are considered to be in accordance with the key audit matters identified by the external auditors;
- considering revenue recognition as a key audit matter and discussing the key processes and controls with management;
- 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 PKF Littlejohn LLP and the Audit Committee will closely monitor the level of audit and non-audit services they provide to the Company.

Meetings

In the year to 30 September 2018 the two members of the Audit Committee have met on two occasions.

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

- interview of external auditors and recommendation to the Board
- 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

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. During the year the Audit Committee recommended the re-appointment of PKF Littlejohn LLP.

External auditor

The Company's external auditor is PKF Littlejohn LLP. The external auditor has unrestricted access to the Audit Committee Chairman. The Committee is satisfied that PKF Littlejohn 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, PKF Littlejohn LLP were first appointed by the Company in 2017 following a tender process in the year, and therefore the current partner is due to rotate off the engagement after completing the September 2021 audit. Having assessed the performance objectivity and independence of the auditors, the Committee will be recommending the reappointment of PKF Littlejohn LLP as auditors to the Company at the 2019 Annual General Meeting.

G.Wilson

Geoffrey Wilson
Chairman of the Audit Committee
17 December 2018

Independent auditor's report to the members of Toople Plc

Opinion on financial statements

We have audited the financial statements of Toople Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2018 which comprise: the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2018 and of the Group's and Parent Company's loss for the year then ended;
- the Group financial statements 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;
  the financial statements 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Group materiality was set at £70,000 based on a blended average of 5% of loss before tax and 4% of gross assets. Company materiality was set at the same level. For each component in the scope of our Group audit, we allocated a materiality that is not higher than our overall group materiality.

An overview of the scope of our audit

As part of designing our audit we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas requiring the Directors to make significant judgements and estimates, for example in respect of the treatment of the shareholder loan and the capitalisation of development costs, and considered future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We conducted a full scope audit of the Group and Company numbers, with sufficient appropriate audit procedures carried out on the UK and Polish subsidiary for the purpose of the consolidation.

In addition, we review 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Revenue recognition Under ISA(UK) 240 there is a presumption that revenue recognition is a fraud risk. There is the risk that revenue from the provision of telephony services has been incorrectly recognised within the financial statements.	Our audit work included the following: - Documenting our understanding of the internal control environment; - Substantive testing to ensure completeness of revenue; - Review of post-year end receipts; - Cut off procedures around the year end; and - Vouching a sample of year-end trade debtors to invoice and post-year end receipt of cash.

	We are satisfied that revenue is not materially misstated in the financial statements.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the Group and Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable [set out on page 16] – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting [set out on pages 32 to 33] – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code [set out on page 20] the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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.

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

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' Report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

Other matters which we are required to address

We were appointed by the Board of Directors in place of the Audit Committee on 15 November 2017 to audit the financial statements for the period ending 30 September 2017. Our total uninterrupted period of engagement is two years, covering the periods ending 30 September 2017 to 30 September 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

Joseph Archer

Joseph Archer
Senior Statutory Auditor
For and on behalf of
PKF Littlejohn LLP
Statutory Auditor
London
17 December 2018

Consolidated statement of comprehensive income

	NOTE	2018	2017
		£	£
Continuing operations			
Revenue		**1,505,004**	1,281,172
Cost of Sales		**(1,301,380)**	(1,121,867)
Gross Profit		**203,624**	159,305
Other Income	19	**104,529**	91,667
Administrative expenses		**(1,654,901)**	(1,564,959)
Operating loss		**(1,346,748)**	(1,313,987)
Interest payable and similar charges		**(54,260)**	(49,248)
Interest receivable		**743**	132
Loss before taxation	4	**(1,400,265)**	(1,363,103)
Taxation	5	**174,223**	-
Loss for the year		**(1,226,042)**	(1,363,103)
Other comprehensive loss for the year		**-**	-
Total comprehensive loss for the year attributable to the equity owners		**(1,226,042)**	(1,363,103)
Earnings per share			
Basic and diluted earnings per share	6	**(0.60)**	(1.11)

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

Consolidated statement of financial position

	NOTE	2018 £	2017 £
ASSETS			
Non-current assets			
Intangible Assets	7	**42,375**	5,646
Current assets			
Trade and other receivables	8	**301,415**	316,173
Cash and cash equivalents	9	**2,144,209**	820,767
		2,445,624	1,136,940
Total assets		**2,487,999**	1,142,586
EQUITY and LIABILITIES			
Capital and reserves attributable to equity shareholders			
Share capital	10	**636,572**	117,084
Share premium	10	**4,923,336**	3,261,279
Merger reserve		**(25,813)**	(25,813)
Share-based payment reserve		**255,099**	114,417
Capital contribution reserve		**34,239**	88,499
Accumulated deficit		**(4,461,133)**	(3,289,351)
Total equity		**1,362,300**	266,115
Current liabilities			
Trade and other payables	11	**553,597**	358,629
Non-current liabilities			
Financial liabilities - borrowings	11	**572,102**	517,842
Total equity and liabilities		**2,487,999**	1,142,586

The notes to the consolidated 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;

Andrew Hollingworth
Director
17 December 2018

Company Registration Number: 10037980

Consolidated statement of changes in equity

	Share capital	Share premium	Merger reserve	Share Based Payment reserve	Capital contribution Reserve	Accumulated deficit	Total
CURRENT YEAR	£	£	£	£	£	£	£
Brought forward at 1 October 2017	117,084	3,261,279	(25,813)	114,417	88,499	(3,289,351)	266,115
Loss for the year	-	-	-	-	-	(1,226,042)	(1,226,042)
Total comprehensive loss for the year	-	-	-	-	-	(1,226,042)	(1,226,042)
Transactions with owners							
Share-based payment charge credited to equity	-	-	-	140,682	-	-	140,682
Issue of share capital net of share costs	519,488	1,662,057	-	-	-	-	2,181,545
Transfer of interest accrued	-	-	-	-	(54,260)	54,260	-
At 30 September 2018	**636,572**	**4,923,336**	**(25,813)**	**255,099**	**34,239**	**(4,461,133)**	**1,362,300**

	Share capital	Share premium	Merger reserve	Share Based Payment reserve	Capital contribution Reserve	Accumulated deficit	Total
PRIOR PERIOD	£	£	£	£	£	£	£
Brought forward at 1 October 2016	66,700	1,900,245	(25,813)	24,130	137,616	(1,975,365)	127,513
Loss for the year	-	-	-	-	-	(1,363,103)	(1,363,103)
Total comprehensive loss for the year	-	-	-	-	-	(1,363,103)	(1,363,103)
Transactions with owners							
Share-based payment charge credited to equity	-	-	-	90,287	-	-	90,287
Issue of share capital net of share costs	50,384	1,361,034	-	-	-	-	1,411,418
Transfer of interest accrued	-	-	-	-	(49,117)	49,117	-
At 30 September 2017	**117,084**	**3,261,279**	**(25,813)**	**114,417**	**88,499**	**(3,289,351)**	**266,115**

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 and 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 11.

Accumulated deficit represent the aggregate retained deficit of the Group.

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

Consolidated statement of cash flows

	NOTE	Year ended 30 Sep 2018	Year ended 30 Sep 2017
		£	£
Cash flows from operating activities			
Operating loss		**(1,346,748)**	(1,313,987)
Depreciation and amortisation		**8,271**	8,900
Share-based payment charge		**39,020**	63,150
Changes in working capital			
Decrease / increase in receivables		**14,758**	(92,498)
Increase / (decrease) in payables		**194,968**	(26,761)
Net cash outflow from operating activities		**(1,089,731)**	(1,361,196)
Cash flows from financing activities			
Proceeds from issues of share capital (net of issue costs)*		**2,283,207**	1,438,554
Finance costs		**-**	(547)
Net cash from financing activities		**2,283,207**	1,438,007
Cash flows from investing activities			
Acquisition of intangible assets		**(45,000)**	-
R&D Tax credit		**174,223**	-
Interest received		**743**	132
Net cash from investing activities		**129,966**	132
Net increase in cash and cash equivalents		**1,323,442**	76,943
Cash and cash equivalents at start of year		**820,767**	743,824
Cash and cash equivalents at end of year	9	**2,144,209**	820,767

**differs to Note 10 due to £101,662 share-based payment, being warrants issued to financial advisers on the September fundraise, deducted from share premium*

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

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:

Toople.com Limited
Ask Merlin Limited
Toople Finance Limited
Toople Management Services Limited
Ask Merlin Poland SP Zoo*

**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. The merger reserve arose as a result of this share for share exchange.

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.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

b) New Standards and Interpretations

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.

(i) New and amended standards adopted by the Group and Company

There were no IFRSs or IFRIC interpretations relevant to the Group or Company that were effective for the first time for the financial year beginning 1 October 2017 that had a material impact on the Group or Company.

(ii) New and amended standards and interpretations issued but not yet effective or not yet endorsed for the financial year beginning 1 October 2017 and not early adopted

At the date of authorisation of these Financial Statements, the Group and Company have not applied the following new and revised IFRSs that have been issued but are not yet effective and (in some cases) have not yet been endorsed by the EU. The Group and Company intend to adopt these standards, if applicable, when they become effective.

Standard / Interpretation	Title	Effective date
IAS 7 (Amendments)	Results of the Disclosure Initiative	1 January 2017
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements	Annual Improvements to IFRS Standard 2014-2016 Cycle	1 January 2017/ 1 January 2018
IFRS 2 (Amendments)	Classification and Measurement of Share Based Payment Transactions	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15 (Clarifications)	Revenue from Contracts with Customers	1 January 2018
IFRS 9 (Amendments)	Financial Instruments	1 January 2019
IFRS 16	Leases	1 January 2019
Annual Improvements	Annual Improvements to IFRS Standard 2015-2017 Cycle	1 January 2019*
IFRS 3 (Amendments)	Business Combinations	1 January 2020*
IAS 1 & IAS 8 (Amendments)	Definition of Material	1 January 2020*

* *Subject to EU endorsement*

The Group and Company are evaluating the impact of the new and amended standards above.

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. At the current time and given the nature of the Group's revenue streams and contracts with customers, the Directors do not consider that the impact will be material as the current treatment of revenue is considered to be broadly in line with the requirements of the new standard in relation to timing of revenue recognition and performance obligations.

- IFRS9 'Financial Instruments' – the key consideration for the Group in terms of potential impact on the financial statements will be in relation to impairment. The standard introduces an expected credit loss model for the measurement of the impairment of financial assets so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. This may result in increased impairment to trade receivables however this is not expected to have a material impact to the Group.

- IFRS16 'Leases' is effective for annual periods beginning on or after 1 January 2019 and may be applied retrospectively. It will therefore be applied in the Group's 2020 financial statements for the first time. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor IAS 17. IFRS16 is expected to result in the capitalisation of a portion of the Group's operating leases, with the most substantial lease being the office. Another area the Directors are reviewing is the treatment of the sublease of the office space under the new standard. Under the new standard an intermediate lessor can elect to classify a sublease as a finance or operating lease and this will depend on the terms of the 'right-to-use asset' arising from the head lease, rather than by reference to the underlying asset. The potential impact of IFRS16 and treatment of sublease are being actively assessed by the Directors.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

c) 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 Governance Report 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 Financial Statements, medium and long term business plans and expectations.

At 30 September 2018 the Group had £2,144k of cash and net assets of £1,362k, this includes the 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. As such management consider the going concern basis to be appropriate.

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.

Financial Assets

The financial assets currently held by the Group and Company are classified as loans and receivables and cash and cash equivalents. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group and Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in profit or loss. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Loans and receivables comprise trade and other receivables in the statement of financial position.

Cash and cash equivalents include cash in hand and amounts held on short term deposit. Any interest earned is accrued monthly and classified as finance income. Short term deposits comprise deposits made for varying periods of between one day and three months.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Derecognition of Financial Assets

The Group and Company derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the asset and substantially all the risk and rewards of ownership of the asset to another entity.

Financial Liabilities

The Group and Company classify their financial liabilities into one category, being other financial liabilities measured at amortised cost.

The Group's accounting policy for the other financial liabilities category is as follows:

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. All interest and other borrowing costs incurred in connection with the above are expensed as incurred and reported as part of financing costs in profit or loss. The Group and Company derecognise financial liabilities when, and only when, the obligations are discharged, cancelled or they expire.

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.

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 £674,356 (2017: £670,571). 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 an 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.

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 recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

l) Equity

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

m) Research and Development

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred are capitalised only when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible;
- the Group intends to complete the intangible asset and use or sell it;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

Amortisation commences upon completion of the asset, and is shown within administrative expenses. Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the Directors.

n) Other intangible assets

Other 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 – 5 years

3. Significant accounting judgements, estimates and assumptions

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

Discounting of the shareholder loan

On 3 May 2016, the Company put in place formal documentation relating to the balance owed to David Breith, a former majority shareholder. The balance cannot be recalled by David Breith 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.

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 third party to be 10%. The present value of the loan is £572,102 (2017: £517,842) 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 2018 is £54,260 (2017: £49,117).

Share-based payments

During the year the Company issued warrants in lieu of fees to brokers and financial advisers at the time of the fund-raise in September 2018. The warrant agreements do not contain vesting conditions and therefore the full share based payment charge, being the fair value of the warrants using the Black-Scholes model, has been recorded immediately. Such charges are recorded against the share premium as a direct transaction cost. The valuation of these warrants involves making a number of estimates relating to price volatility, future dividend yields and continuous growth rates (see Note 10).

Capitalisation of development costs

Included within Intangible Assets are costs capitalised in connection with the Group's Merlin platform. These costs are based on management's view of the development team's time spent on the projects and considering the requirements of IAS 38 "Intangible Assets". Development costs are amortised over the life of the project once it has been released to the commercial environment. Management base a project's commerciality on when revenues can be generated from the platform's internally generated software. The projected useful lives of intangible assets are based on management estimates of the period that the asset will be able to generate revenue. The carrying value is tested for impairment when there is an indication that the value of the assets might be impaired. Impairment tests are based upon future cash flow forecasts and involve management's judgement in relation to the software. Future events could cause the assumptions to change and therefore could impact the future results of the Group.

4. Loss before taxation

The loss before taxation is stated after charging:

	2018 £	2017 £
Depreciation and amortisation	**8,270**	8,900
Impairment of trade receivables	**31,937**	37,571
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**25,000**	21,000
Payments made under operating leases	**109,208**	92,283
Share-based payment charges	**39,020**	63,150

Administrative expenses include:

Marketing costs	**263,939**	191,286
Wages (including Directors)	**538,090**	406,000
Social Security (including Directors)	**53,804**	46,190
Professional fees in relation to R&D tax credits	**40,207**	-
Customer service	**83,508**	217,799

In addition to the above in the year ended 30 September 2018 transaction costs totalling £258,196 (2017: £72,200) were payable to the Company's brokers and professional advisers at the time following the Placing of new shares to the Official List in March and September 2018 and this has been recognised against the share premium account.

5. Taxation

Analysis of charge in the year

	2018 £	2017 £
Current tax		
UK corporation tax credit	**174,223**	-
Loss on ordinary activities before tax	**(1,400,265)**	(1,363,103)
Analysis of charge in the year		
Loss on ordinary activities multiplied by small companies rate of corporation tax in the UK of 19% (2017: 19.5%)	**(266,050)**	(265,805)
Tax effects of:		
R&D tax credit	**174,223**	-
Non-deductible expenses	**15,731**	31,022
Trading losses carried forward	**250,319**	234,873
Tax credit for the year	**174,223**	-

The Group has accumulated tax losses arising in the UK of approximately £3,690,000 (2017: £2,547,000) 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.

6. Earnings per share

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

	2018 £	2017 £
Loss for the year from continuing operations	**(1,226,042)**	(1,733,578)
Weighted average number of shares in issue	**203,320,891**	122,764,796
Basic and diluted loss per share	**(0.60p)**	(1.11p)

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 earnings 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.

The Company has in issue warrants at 30 September 2018, these are detailed in note 10. 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.

7. Intangible assets

	Developed technology and development costs	Website Development costs	Total
	£	£	£
Cost			
At 1 October 2017	-	17,800	17,800
Additions	45,000	-	45,000
At 30 September 2018	**45,000**	**17,800**	**62,800**
Amortisation and impairment			
At 1 October 2017	-	12,154	12,154
Charge for period	2,625	5,646	8,271
At 30 September 2018	**2,625**	**17,800**	**20,425**
Net book amount			
At 30 September 2018	**42,375**	-	**42,375**
At 30 September 2017	-	5,646	5,646

8. Trade and other receivables

	2018	2017
	£	£
Current		
Trade receivables	**78,815**	37,476
Other receivables including taxes and social security costs	**87,298**	118,250
Prepayments and accrued income	**135,302**	160,447
	301,415	316,173

At 30 September 2018 management reviewed the trade receivables balance and have recognised an impairment charge of £31,937 (2017: £23,905) against receivables where there is uncertainty over recoverability.

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

9. Cash and cash equivalents

	2018	2017
	£	£
Bank current account	**2,144,209**	820,767

10. Share capital and warrants

	2018		2017	
	No.	£	No.	£
Allotted and fully paid				
Ordinary shares	**954,380,559**	**636,572**	175,537,732	117,084

	Ordinary shares No.	Share Capital £	Share Premium £
Share capital			
At 1 October 2017	175,537,732	117,084	3,261,279
Proceeds from share issues (net of issue costs)	778,842,827	519,488	1,662,057
At 30 September 2018	**954,380,559**	**636,572**	**4,923,336**

**Transaction costs accounted for as a deduction from equity of £258,196 (2017: £72,200).*

At 30 September 2016 the Company had 100,000,000 ordinary 0.0667p shares in issue, being 36,000,000 issued on incorporation, 39,000,000 shares were issued on 15 April 2016 to David Breith in accordance with the terms of the share exchange agreements in relation to the acquisition of the subsidiaries and 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 at the time and this has been recognised against the share premium account.

On 12 June 2017 the Company placed 70,537,732 ordinary 0.0667p shares at a subscription price of 2p per share. Commissions of £72,200 were payable to the brokers at the time and this has been recognised against share premium. At the same time the Company issued 5,000,000 shares at the same subscription price to Directors of the Company to settle £100,000 of unpaid fees owed to them.

On 8 March 2018 the company placed 24,462,268 ordinary 0.0667p shares at a subscription price of 1.022p per share. Commissions of £12,500 were payable to the brokers at the time and this has been recognised against share premium. At the same time the Company issued 3,913,894 shares at the same subscription price to the brokers of the Company to settle £40,000 of fees owed to them.

On 25 September 2018 the Company placed 733,333,333 ordinary 0.0667p shares at a subscription price of 0.3p per share. Commissions of £165,000 were payable to the brokers at the time and this has been recognised against share premium. At the same time the Company issued 17,133,332 shares at the same subscription price to the Directors of the Company to settle £51,400 of unpaid fees owed to them.

Warrants

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 was 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.

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 £63,150 (2016: £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 placing and therefore debited to share premium in the prior year.

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 listed on the main market of the London Stock Exchange on 10 May 2016. 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.

On 20 June 2017 the Company issued 3,230,625 warrants advisers to the company to subscribe for one new ordinary share at £0.02 per share at any time from the date of issue to the third anniversary of date of issue.

The inputs to the Black Scholes model were as follows:

Warrants granted	3,230,625
Stock price	2p
Exercise price	2p
Risk free rate	1%
Volatility	70%
Time to maturity	3 years

On 25 September 2018 the Company issued 34,666,666 warrants as follows:

- 1,666,666 warrants to advisers to the Company to subscribe for one new ordinary share at £0.003 per share;
- and 33,000,000 warrants to advisers to the Company to subscribe for one new ordinary share at £0.005 per share

at any time from the date of issue to the third anniversary of date of issue.

The inputs to the Black Scholes model were as follows:

Warrants granted	34,666,666
Stock price	0.31p
Exercise price	0.3/0.5p
Risk free rate	0.83%
Volatility	271%
Time to maturity	2 years

The fair value of the warrants is £101,661 and this has been recognised in share premium on the basis they were issued for services relating to the placing.

At 30 September 2018, warrants for 40,997,291 new Ordinary Shares in the Company were in issue as follows:

	2018		2017	
	No. of warrants	**Weighted average price (p)**	No. of warrants	Weighted average price(p)
As at 1 October	**6,330,625**	4.8	3,100,000	8.0
Granted during the year	**34,666,666**	0.3	3,230,625	2.0
At 30 September	**40,997,291**		6,330,625	

The outstanding warrants are exercisable as follows:

Warrants Issued	No. of warrants	Exercise price (p)	Exercisable
10 May 2016	3,000,000	8p	Exercisable from 10 May 2018 and expiring on 10 May 2020
10 May 2016	100,000	8p	Exercisable from 10 May 2018 and expiring on 10 May 2020
05 June 2017	350,000	2p	Exercisable from 5 June 2017 and expiring on 20 June 2020
05 June 2017	1,500,000	2p	Exercisable from 5 June 2017 and expiring on 20 June 2020
05 June 2017	1,380,625	2p	Exercisable from 5 June 2017 and expiring on 20 June 2020
25 September 2018	1,666,666	0.3p	Exercisable from 25 September 2020 and expiring on 25 September 2022
25 September 2018	20,512,500	0.5p	Exercisable from 25 September 2020 and expiring on 25 September 2022
25 September 2018	12,487,500	0.5p	Exercisable from 25 September 2020 and expiring on 25 September 2022
At 30 September 2018	40,997,291		

The warrants outstanding at 30 September 2018 had a weighted average remaining contractual life of 2 years, 198 days (2017: 2 years, 244 days).

11. Trade and other payables

	2018	2017
	£	£
Trade payables	**304,527**	158,787
Social Security and other taxes	**35,576**	37,867
Other payables	**22,613**	22,613
Accruals and deferred income	**190,881**	139,362
	553,597	358,629

	2018	2017
	£	£
Non – current liabilities		
Shareholder loan account	**572,102**	517,842

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, a former majority shareholder. The balance cannot be recalled by

David Breith 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. The balance cannot be recalled by David Breith 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.

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 third party to be 10%. The present value of the loan is £572,102 (2017: £517,842) 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 2018 is £54,260 (2017: £49,117).

12. Related party disclosures

	2018	2017
	£	£
Goods/services purchased from Vitrx Limited	**10,696**	7,009
Goods/services purchased from Diffrenet Limited	-	4,376
Goods/services purchased from Dotfusion Limited	**61,470**	61,040
Goods/services purchased from High Lees Consulting	**19,200**	38,360
Goods/services purchased from KBL Consulting Limited	**11,900**	-
Goods/services supplied to Vitrx Limited	**74,450**	75,395
Goods/services supplied to Diffrenet Limited	-	288
Goods/services supplied to High Lees Consulting	**1,184**	-
	178,900	186,468

The companies, Vitrx, Diffrenet & Dotfusion are disclosed as related parties due to the nature of the business relationship with Mr David Breith, who was a major shareholder of Toople PLC until July 2018. Mr David Breith is a Director or co-owner of the above companies, excluding Dotfusion. Vitrx Limited was a related party for five months of the year, as David Breith resigned as director of Vitrx Limited on 19 February 2018. All transactions with these companies have been disclosed for the full year, for comparison purposes.

Mr Piotr Kwiatkowski is the owner of Dotfusion and is a shareholder in Toople PLC.

There were no balances outstanding between the above parties at 30 September 2018 apart from a balance of £357 due to Vitrx Limited (2017: Nil).

Mr Richard Horsman is the owner of High Lees Consulting and is a shareholder in Toople Plc and non-executive Chairman. There was a balance of £4,833 (2017: £2,567) owing to High Lees Consulting at the end of the period.

Mr Kevin Lawrence is the owner of KBL Consulting Limited and is a shareholder in Toople Plc and Chief Financial Officer. There was no balance owing at the end of the period.

During the year to 30 September 2018 Toople Plc recharged certain administrative expenses to its subsidiaries through a management fee. The total amount charged was £343,885 (2017: £505,049). At 30 September 2018 Toople Plc was owed £3,786,762 (2017: £2,778,693) from its subsidiaries.

13. Directors, key management and employees

Details of the Directors and key management personnel are set out on pages 12 to 13.

Details of Directors' remuneration are set out in the Remuneration Committee Report on page 26 to 31.

The total remuneration of the directors and key management personnel is £235,733 (2017: £266,650), as set out below in aggregate for each of the categories specified in IAS24:

Directors	**2018** **£**	2017 £
Short term benefits - Salaries and fees	**196,713**	158,500
Long Term Benefits	-	45,000
Share based payments	**39,020**	63,150
Total	**235,733**	266,650

The average number of persons employed by the Group (excluding Directors) during the year was 14 (2017: 8), analysed by category as follows:

	2018 **No.**	2017 No.
Management and Finance	**1**	1
Sales and Marketing	**6**	1
Operations	**7**	6
Total	**14**	8

Staff costs during the year (including Directors salaries and fees) were as follows:

	2018 **No.**	2017 No.
Wages and salaries (including Directors salaries and fees)	**664,003**	393,001
Social security costs	**53,804**	46,191
Pension costs	**4,722**	-
Total	**722,529**	439,192

14. 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:

	2018 £	2017 £
Financial Assets		
Loans and receivables - Cash and cash equivalents	**2,144,209**	820,767
Loans and receivables - Trade and other receivables	**156,224**	110,726
Financial liabilities		
Financial liabilities measured at amortised cost - Trade and other payables	**1,125,699**	831,471

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 £301,415 at 30 September 2018 (2017: £316,173). 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 2018, the management reviewed all trade and other receivables that were greater than 60 days old and included a provision for impairment of £31,937 (2017: £23,905).

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.

15. Pension Commitments

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

16. Dividends

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

17. Ultimate Controlling Party

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

18. Subsequent events

There have been no material events occurring subsequent to the year-end requiring disclosure.

19. Operating leases

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

	2018	2017
	£	£
Operating leases which are due:		
Within one year	**81,000**	85,222
In the second to fifth years inclusive	**51,000**	120,000
Over five years	**-**	-
	132,000	205,222

The Group has entered into licensing arrangements in respect of its property lease. Income from such arrangements is as follows:

	2018	2017
	£	£
Property rental income	**104,529**	91,667

Under such arrangements, the licence terminates immediately at any time should the licensor cease to be in occupation of the premises.

20. 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.

Company statement of financial position

	NOTE	2018 £	2017 £
ASSETS			
Non-current assets			
Investments in subsidiaries	5	**26,013**	26,013
Current assets			
Trade and other receivables	6	**3,874,765**	2,839,860
Cash and cash equivalents		**2,053,750**	747,752
		5,928,515	3,587,612
Total assets		**5,954,528**	3,613,625
EQUITY and LIABILITIES			
Capital and reserves attributable to equity shareholders			
Share capital	10	**636,572**	117,084
Share premium	10	**4,923,336**	3,261,279
Share-based payment reserve		**255,099**	114,417
Accumulated deficit		**(116,225)**	(38,908)
Total equity		**5,698,782**	3,453,872
Current liabilities			
Trade and other payables	8	**255,746**	159,753
Total equity and liabilities		**5,954,528**	3,613,625

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 £77,317 (2017: £17,509).

The notes to the parent company 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;

Andrew Hollingworth, Director
17 December 2018
Company Registration Number: 10037980

Company statement of changes in equity

	Share capital £	Share premium £	Share Based Payment reserve £	Accumulated deficit £	Total £
Brought forward at 1 October 2017	117,084	3,261,279	114,417	(38,908)	3,453,872
Loss for the year				(77,317)	(77,317)
Total comprehensive loss for the year	-	-	-	(77,317)	(77,317)
Transactions with owners					
Issue of share capital net of share issue costs	519,488	1,662,057	-	-	2,181,545
Share-based payment charge credited to equity	-	-	140,682	-	140,682
At 30 September 2018	**636,572**	**4,923,336**	**255,099**	**(116,225)**	**5,698,782**

PRIOR PERIOD	Share capital £	Share premium £	Share Based Payment reserve £	Accumulated deficit £	Total £
Brought forward as at 1 October 2016	66,700	1,900,245	24,130	(21,399)	1,969,676
Loss for the year				(17,509)	(17,509)
Total comprehensive loss for the year	-	-	-	(17,509)	(17,509)
Transactions with owners					
Issue of share capital net of share issue costs	50,384	1,361,034	-	-	1,411,418
Share-based payment charge credited to equity	-	-	90,287	-	90,287
At 30 September 2017	**117,084**	**3,261,279**	**114,417**	**(38,908)**	**3,453,872**

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 represents the aggregate retained deficit of the Company.

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

Company statement of cash flows

	2018	2017
	£	£
Cash flows from operating activities		
Operating loss	**(77,317)**	(17,508)
Share-based payment charge	**39,020**	63,150
Changes in working capital		
Increase in receivables	**(26,836)**	(53,818)
Increase in payables	**95,992**	68,262
Taxation	**-**	-
Net cash outflow from operating activities	**30,859**	60,036
Cash flows from financing activities		
Proceeds from issues of share capital*	**2,283,208**	1,438,554
Net cash from financing activities	**2,283,208**	1,438,554
Cash flows from investing activities		
Advances to subsidiaries	**(1,008,069)**	(1,378,518)
Net cash from investing activities	**(1,008,069)**	(1,378,518)
Net increase in cash and cash equivalents	**1,305,998**	120,122
Cash and cash equivalents at start of year	**747,752**	627,630
Cash and cash equivalents at end of year	**2,053,750**	747,752

**differs to Note 10 due to £101,662 share-based payment, being warrants issued to financial advisers on the September fundraise, deducted from share premium*

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

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

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.

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

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

Auditor's remuneration to PKF Littlejohn LLP of £25,000 (2016: £18,000) 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:

	2018	2017
Directors and management	**4**	4

Staff costs during the period are borne by subsidiary entities.

5. Investment in subsidiaries

	2018 £	2017 £
At 30 September	**26,013**	26,013

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

Name	Incorporated	Registered office	Activities	Capital	% held
Toople.com Limited	England & Wales	PO BOX 501 The Nexus Building Broadway Letchworth Garden City England SG6 9BL	Provision of telecoms services	Ordinary shares	100%
Ask Merlin Limited	England & Wales	As above	Software development	Ordinary shares	100%
Toople Finance Limited	England & Wales	As above	Dormant	Ordinary shares	100%
Toople Management Services Limited	England & Wales	As above	Dormant	Ordinary shares	100%
Ask Merlin Poland SP Zoo	Poland	Diamentowa 3 73-108 Morzyczyn Poland	Software development	Ordinary shares	100%

6. Other receivables

	2018 £	2017 £
Current		
Amounts due from subsidiary undertakings	**3,786,762**	2,778,693
Other receivables	**88,003**	61,167
	3,874,765	2,839,860

7. Share capital

Details of the Company's share capital and equity instruments are set out in note 10 to the consolidated financial statements

8. Other payables

	2018	2017
	£	£
Current		
Trade creditors	**136,792**	30,029
Social security and other taxes	**5,885**	28,460
Accruals and deferred income	**101,068**	89,264
Other Creditors	**12,000**	12,000
	255,745	159,753

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 13.

10. Operating leases

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

	2018	2017
	£	£
Operating leases which are due:		
Within one year	**76,500**	85,222
In the second to fifth years inclusive	**51,000**	120,000
Over five years	-	-
	127,500	205,222

The Group has entered into licensing arrangements in respect of its property lease. Income from such arrangements is as follows:

	2018	2017
	£	£
Property rental income	**104,529**	91,667

Under such arrangements, the licence terminates immediately at any time should the licensor cease to be in occupation of the premises.

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:

	2018	2017
	£	£
Financial assets		
Loans and receivables - Cash and cash equivalents	**2,053,750**	747,752
Loans and receivables - Trade and other receivables	**3,874,765**	2,839,860
Financial liabilities		
Financial liabilities measured at amortised cost - Trade and other payables	**255,746**	159,753

Details of the Company's exposure to risk can be found in note 14 to the consolidated financial statements.