

**Toople Plc**  
**Annual Report & Accounts**  
**for the year ended**  
**30 September 2021**

## **Contents**

Company Information .....	3
Introduction .....	4
Highlights .....	5
At a Glance .....	6
Business Model .....	7
Strategy .....	8
Chairman's Statement .....	9
Chief Executive Officer's Review .....	11
Board of Directors and Senior Management .....	14
Directors' Report .....	16
Strategic Report .....	20
Governance Report .....	25
Directors' Remuneration Report .....	32
Audit Committee Report .....	39
Independent auditor's report to the members of Toople Plc .....	41
Consolidated statement of comprehensive income .....	47
Consolidated statement of financial position .....	48
Consolidated statement of changes in equity .....	49
Consolidated statement of cash flows .....	51
Notes to the consolidated financial statements .....	52
Company statement of financial position .....	83
Company statement of changes in equity .....	84
Company statement of cash flows .....	85
Notes to the Company financial statements .....	86

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**Company Information**

**Directors**

Richard Horsman (Chairman & Non-Executive Director)  
Kevin Lawrence (Non-Executive Director)  
Andrew Hollingworth (Chief Executive Officer)  
Paul White (Chief Financial Officer)

**Company Secretary**

WKH Company Secretary Services

**Registered Office**

PO Box 501  
The Nexus Building  
Broadway  
Letchworth Garden City  
Hertfordshire  
SG6 9BL

**Registered Number**

10037980 (England and Wales)

**Financial Adviser**

Novum Securities Limited  
52 Berkeley Square  
London  
W1J 6ER

**Registrars**

Share Registrars Limited  
The Courtyard  
17 West Street  
Farnham  
GU9 7DR

**Brokers**

Novum Securities Limited  
52 Berkeley Square  
London  
W1J 6ER

**Auditor**

Price Bailey LLP  
Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

**Solicitors**

Fieldfisher  
Riverbank House  
2 Swan Lane  
London  
EC4R 3TT

Memery Crystal LLP  
165 Fleet Street  
London  
EC4A 2DY

**Principal Bankers**

HSBC Bank PLC  
63 George Street  
Luton  
LU1 2AR

Barclays Bank PLC  
Leicester  
LE87 2BB

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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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.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

---

**Highlights**

- Adjusted EBITDA\* improvement of 32%, from (£1,305k) to (£881k) driven by lower distribution costs and overheads and virtual elimination of bad debt costs (64% improvement year on year when including impact of bad debt charges)
- Gross profit increased by £192,000 (22%) to £1,055k
- Bad debt almost eliminated with decline from £1.1m to £55k year on year
- Gross margin increased from 25% to 35% year on year
- Active cost management and control
  - Administrative costs down by £360,000 year on year
- Decline in headline revenues by 12% as a result of:
  - Proactive management of non-paying customers and elimination of bad debt problem; and
  - Emphasis on DMSL business due to impact of Covid-19 on traditional Toople customer base
- Number of new contract wins with wider array of SMEs, and expanded out to other organisations such as a local city council
- Successful placing to raise £774,000 with substantial amount from largest investor
- *Adjusted EBITDA is defined as operating profit, after adjusting for depreciation, amortisation, impairment and exceptional items (i.e. expenses or credits that are deemed unusual by nature and/or scale and significance). Further details and a reconciliation to the statutory results is set out in the Strategic Report on page 21.*

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

---

**At a Glance**

The Group's core target market is the SME sector, specifically small to medium size business with 20 employees or less, which is the largest volume of UK business within the segment. We also have an increasing number of enterprise size business with multiple geographical locations that place orders within the Group as cloud based solutions lend themselves to multi-site organisations supported by high speed, high bandwidth capability, which is a core competency for the Group.

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 Protocol (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 a direct digital marketing campaign, one of the central tenets of our growth strategy. We also have multiple sales and marketing channels.

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 Bishops Stortford, the sales team is now based in Durban and platform development takes place in Australia.

**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 develop our own proprietary software (Merlin) to create a better experience for our customers

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**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 wholesalers 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.

As a wider Group following the acquisition of DMSL, we also have over 100 registered wholesale partners who resell the Group's services in a dual branded wholesale partnership based on a gross margin share. This drives further enterprise value for the Group as the end user is contracted to the Group rather than the wholesale partner.

## **Strategy**

There are approximately 5.9 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 further in direct digital marketing to drive customer growth
- Drive profit growth and visibility and predictability of revenues

### ***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 peer 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**

### ***Introduction***

FY21 saw another year of financial and operational improvement for Toople. During the reported period we completed the integration of DMSL, added well established, new customers in an extremely wide variety of industries, and took the opportunity to raise funds via a placing. The reorganisation of our four main brands has also paid off and has greatly simplified our business propositions to our customers and increased efficiencies and opportunities for cross selling. We also continue to benefit from the cost savings achieved through the reorganisation. This, together with lower cash burn, is providing us with the working capital platform to enable Toople to progress towards profitability.

We ended our financial year on a high note; with September 2021 proving to be one of the highest order intake months in FY21. This has translated into an increased customer base for the Company, to which we continue to deliver high quality bandwidth and high-speed internet access taking advantage of the opportunities created for our business by hybrid working and an acceleration towards online services from SMEs, our core target market.

### ***Near constant business change***

We are further bolstered by the fact that we improve communications and lower the cost for every business we add as a customer. Today, when businesses are more reliant on superfast communications, our service offering is business critical for the vast majority of industries across the economy. In the last two years, the UK economy has seen massive shutdowns, reluctant re-openings, and various continuously changing phases of lockdowns, working from home directives, and other directives affecting the economy. SMEs are getting used to this. They are aware of the need to continue growing their businesses no matter the current reality, and our wide range of partnerships help them to deliver their communications in a world where change is the only constant.

The transparency of price on our contracts remain one of our unique selling points and is coveted by our customers. Our emergence now from the scare caused by the Omicron variant is causing jubilation by bosses and employees alike. We are prepared for that and are proud to offer SMEs solutions that allow them to continue running their businesses as well as possible despite uncertain future variants, or any other unwelcome events.

### ***DMSL***

The integration of the acquisition we had made in the prior financial year, DMSL, is contributing very positively to the group. There has been a greater contribution from DMSL to our business, which has a higher gross margin than the traditional Toople business. This is due to the effect of Covid-19, which has boosted DMSL and has made its offering even more popular.

This brand is working excellently alongside its customers in order to understand their businesses and to deliver the best and most appropriate communications solutions. DMSL can deliver comprehensive communications designs which offer flexibility and scalability and can ensure that a customer's various sites are connected to cloud based infrastructure, with telephony at each site, and high speed, high bandwidth data connectivity that allows the customer to service their own customers more efficiently. Our strong relationship with BT continues to massively benefit DMSL, having a material impact on order volumes.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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***New business***

We continue to win notable new contracts, and contract extensions, carrying previous momentum forward. Successful and dynamic customers continue to sign up with the Group, and each is an endorsement for our brand and service offering. These well-established, well-known UK brands are turning their backs on old communications providers to sign up with us. This impetus continues to bolster our activities, and companies with strong credit profiles continue to recognise the strength of our service offering and our competitively priced solutions. In turn this improves the overall quality of our earnings.

***Growth drivers***

The main driver of our growth continues to be that seamless communications are now business critical for most SMEs. On top of that, the UK Government continues to roll out fibre infrastructure, to replace copper and to support the switch from 4G to 5G. All our brands offer communications solutions to help our customers to grow their businesses.

***Placing***

Right at the start of our new financial year, in October 2020, our brokers approached us with an opportunity to raise funds for the Company by way of a placing. Given the economic uncertainty caused by Covid-19 at the time, we decided to take the opportunity. As a result, The Group successfully raised £774,000 (before expenses). The placing was significantly oversubscribed and utilised all of the existing share issue capability of the Company.

***Conclusion***

With more economic certainty due to the normalisation of Covid-19, we look optimistically to Toople's future. Post balance sheet we have had a successful capital raise, opened a second contact centre which will greatly enhance our sales efforts, and we expect trading to continue to progress well. We will also continue to review potential opportunities to grow the Group through the acquisition of complementary businesses.

We look forward to the future of the Group and we wish all our staff, customers, shareholders, and suppliers good health and prosperity in 2022.

**Richard Horsman**  
Non-Executive Chairman  
25 February 2022

## **Chief Executive Officer's Review**

### **Introduction**

The emergence of new Covid-19 variants and lockdowns have now so often been repeated that their occurrences are normalising, and it is very much the case that SMEs are aware of the general need to be seamlessly connected, being increasingly unperturbed by transitory curveballs thrown up by Covid-19.

We continue to see business momentum as the UK learns to live with Covid-19, with sales leads and conversion rates ramping up. Hybrid working is now the new normal and the duplication of telecom services in various places, hot desking, mobile working, 24/7 availability, hub offices and the general increase in digital or online service offerings across the economy, as opposed to in-person contact, are all factors which collude to create the perfect wave for us to ride.

### **Operational Review**

In this year we have truly demonstrated our offering's incredible versatility, with the sheer number and variety of different new customers which have added to our business. During the financial year we announced that among many others we had won new contracts with notable brands such as Carluccio's and the largest national UK supplier of poultry. We continue to expand our service offering to Carluccio's, who have recently added more mobile contracts and we were delighted to have been chosen to provide telecoms services to a new joint venture between Sainsbury's and Carluccio's for a new coffee shop format they are rolling out.

Another notable contract win was for five years with a specialist engineering firm in the printing, coating, and converting industries with subsidiaries in Europe and North America. We provide critical high speed secure data connectivity to the firm as it supplies equipment for use on many of the world's most advanced printing machines. Further contracts were signed with a building merchant with various locations across England. Others include, *inter alia*, a specialist motor car business, a publisher, a hair and beauty chain, a computer services provider, a city council, a credit union, a firm of solicitors, a leading UK property company, and a global oil and gas procurement business. This collection of customers illustrate that Toople can offer solutions to absolutely any type of SME or similarly sized organisation.

The integration of DMSL has developed excellently, with more emphasis placed on DMSL in the year as a result of the impact of Covid-19 on the traditional Toople base. We also continue to reap the benefits of our reorganisation that has substantial cost savings. Our telecoms price comparison website and service offering company credit reference checking and reports continues to complement the Group's IT and telecoms services.

As more and more businesses have to offer their services virtually and can no longer rely only on in-person service offerings, telecoms networks are more critical than ever. Keeping businesses connected with super-fast broadband is what we do, and we are proud to offer a business that eliminates any communications stress or difficulty for our clients to allow them to concentrate on their own businesses. We also do so at an affordable cost. In the face of rising inflation, our fixed price contracts are also an absolute necessity for many businesses. SMEs, in particular, are increasingly dissatisfied with a lack of price transparency, poor service offerings and poor customer service from the traditional tier one providers. These are all reasons why existing customers are increasingly extending contracts with us and we continue to win new customers across a very broad range of sectors.

Our own operational infrastructure continues to serve us very well, with our unified communications platform enabling remote working for all our employees.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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***Financial performance***

In the latter part of the financial year, trading had continued to demonstrate significant progress as the lockdown measures at the time had begun to ease, and the economy moved towards a new post-pandemic period. Our trading since then has also reflected the fact that our target market, SMEs, are increasingly becoming used to the emergence of new variants and the practical changes each new wave of infections entails.

This is our first annual results which includes a full 12 month contribution from DMSL, which has proven to be a great acquisition for the Group.

Losses before tax reduced by 53% from £2,711k to £1,281k driven by much lower distribution costs and overheads. We did see a decline in overall revenues by 12%, but this was due to a bigger emphasis placed on our DMSL business in the year, as a result of the impact of Covid-19 on the traditional Toople base. Proactive management of the Toople base and the elimination of non-paying customers also contributed to this, with the result that the historic bad debt problem has been all but eliminated, delivering a solid base to develop for going forward. The quality of our earnings has improved substantially.

Despite the decline in revenue, gross profit has increased by 22% (£192,000). Overall gross margins have increased from 25% to 35%, with a greater contribution from DMSL, which has a higher gross margin than the traditional Toople business, and also the 12 months of contribution from DMSL to this year's results as opposed to last year's 7.5 months when we acquired that business. Also contributing to the increase in gross profit is our active cost control and management combined with successful renegotiations of the carrier cost base. The growth in gross profit is also thanks to the cessation of low margin consumer business, with a re-focus only on B2B business.

As mentioned above, our bad debt charge has almost been eliminated, falling from £1.1m last year to £55,000 this year. Our administrative costs are also down by £360,000 year on year, even though DMSL costs for last year were for 7.5 months. Contributing to this; benefits achieved from the Furlough Scheme were realised, staff has been further rationalised, and there was a significant reduction in marketing costs, given the bigger focus on DMSL in the year.

***Post balance sheet events***

In December 2021, new ordinary shares were placed to raise £380,000. The placing was supported by many of the Company's existing shareholders, including its two largest shareholders, as well as key members of the Board. The placing was oversubscribed and utilised all of the existing share issue capability of the Company. The net proceeds were used to provide further working capital to support the Company's growth and enhance the Company's service offerings. We are grateful to existing shareholders for the support they have shown to the Company and welcome new shareholders to the register.

The perfect opportunity also presented itself for us to increase our sales initiative, with a focus on providing ultrafast, live, and cloud based solutions from BT to new and existing customers. In January 2022, we announced that we had opened a second contact centre in South Cheshire. This new facility is supported by BT who is providing assistance, training, and on-boarding for staff supporting customers around BT's product portfolio. This contact centre is solely focused on new customer acquisitions for the SME segment within BT's Enterprise business and is complementary to Toople's existing centre located in Durban, South Africa, which manages over 200,000 existing customers for Toople and for DMSL. We are very excited about the further growth potential this facility will bring to us.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**Outlook**

If we look as a comparative at our exit trading of the last financial year versus our first quarter trading of this financial year, we are seeing sales approaching a 10% increase, increasing gross profit of over 10%, and an improving EBITDA of over 10%, giving the Board confidence as we see the UK returning to more normal conditions. The removal of our unprofitable customers and customers that represented risk, means that we have successfully completed the removal of historical bad debt, substantially improving the quality of our earnings which firmly sets us on the path towards profitability.

The Company has made substantial operational and financial progress in recent months, we are well capitalised, and we look forward to executing on our growth strategy.

**Andrew Hollingworth**  
Chief Executive Officer  
25 February 2022

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**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.

**Kevin Lawrence**, Non-Executive Director

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.

**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 led 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.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**Paul White – Chief Finance Officer**

Paul qualified as a chartered management accountant in 2000 whilst working for Opus Energy Group Limited, where he had a long and successful tenure. During his time at the company, Opus Energy grew to be the largest independent SME B2B energy supplier in the UK. Paul helped to build the finance team, which supported transformational growth of Opus Energy from £70m to over £600m in turnover over ten years. He was also involved in the £384m sale of Opus Energy to Drax Plc in February 2017.

Subsequently, Paul worked for Summit Therapeutics Plc, a NASDAQ listed clinical stage drug discovery company, where he provided business partnering and financial support. At Summit Therapeutics, Paul also contributed to the £6m acquisition of Discuva Limited, integrating their people, systems, and processes into Summit Therapeutics.

Paul joined Toople as its Financial Controller in June 2020 and was promoted to Chief Financial Officer on 1st October 2020.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

## Directors' Report

The Directors present their report with the financial statements of the Company for the year ended 30 September 2021. A commentary on the business and its prospects is included in the Chief Executive Officer's report on pages 11 to 13. A review of the business is also included in the Strategic Report on pages 20 to 24.

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 2021 (or date of resignation if earlier) were as follows:

Director	Position	Appointed	Ordinary shares	Warrants	Options
Richard Horsman	Chairman and Non-Executive Director	03/03/2016	54,166,680	20,833,340	84,000,000
Kevin Lawrence	Non-Executive Director	28/06/2018	59,961,666	27,997,500	42,000,000
Andrew Hollingworth	Chief Executive Officer	02/03/2016	28,250,000	-	169,000,000
Paul White	Chief Finance Officer	01/10/2020	-	-	42,000,000

As noted in Note 20 to the Financial Statements, on 22 December 2021, the Company placed 838,812,272 new ordinary shares in the Company. As part of this placing, shares were acquired by Messrs Horsman, Lawrence and Hollingworth at the placing price of 0.045p per share, such that their shareholdings as at the date of this report the number of ordinary shares held by them were as follows. There was no change in their respective holdings of warrants or options:

Director	Position	Ordinary shares held as at 30 September 2021	Ordinary shares acquired	Ordinary shares held at date of this report
Richard Horsman	Chairman and Non-Executive Director	54,166,680	11,111,111	65,277,790
Kevin Lawrence	Non-Executive Director	59,961,666	11,111,111	71,072,777
Andrew Hollingworth	Chief Executive Officer	28,250,000	5,555,556	33,805,556
Paul White	Chief Finance Officer	-	-	-

### Substantial shareholders

As at 30 September 2021, the total number of issued ordinary shares with voting rights in the Company was 4,231,561,361. Details of the Company's capital structure and voting rights are set out in Note 11 to the financial statements.



**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

The Company has been notified of the following interests of 3 per cent or more in its issued share capital as at [ ] February 2022.

<b>Party Name</b>	<b>Number of Ordinary Shares</b>	<b>% of Share Capital</b>
Oberon Investments Limited	789,752,503	15.58%
Charlie Brook Partridge	420,000,000	8.28%
Mike Staten	209,574,500	4.12%

**Financial instruments**

Details of the use of financial instruments by the Group are contained in Note 16 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 with annual consumption less than 40,000 KWh 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 2021 (2020: £nil).

**Auditor**

PKF Littlejohn LLP resigned as auditors on 7 February 2022 and the Board appointed Price Bailey LLP in their place on 11 January 2022. There were no circumstances that gave rise to the resignation of PKF Littlejohn LLP. Price Bailey LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

**Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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;

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

- 
- 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**

On 20 December 2021 the Company completed a reorganisation, where each existing ordinary share of 0.0667 pence was subdivided into one new ordinary share of 0.01 pence ("New Ordinary Share") and one deferred share of 0.0567 pence per share. In addition, a placing of 838,812,272 new ordinary shares in the Company (the "Placing Shares") with institutional and other investors at 0.045p per share (the "Placing Price") to raise £0.38m was completed with admission to trading for these new shares taking place on 22 December 2021. The net proceeds of the Placing will be used to provide further working capital to support the Company's growth and enhance the Company's service offerings.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**Going concern**

Notwithstanding the loss incurred during the year under review, the Directors have a reasonable expectation that the Group will be able to raise funds to provide adequate resources to continue in operational existence for the foreseeable future. During the financial year Toople raised £0.8 million from the sale of shares indicating continued investor support for the Group's strategy. In addition a further £0.4m was raised post period end in December 2021. The Directors expect to deliver results which will lead to continuing market support. The Directors therefore consider it appropriate for the Company to continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on the Directors' assumptions and their conclusions are included in the statement on going concern included in Note 2c to the Financial Statements.

**Corporate governance**

The company's statement on corporate governance can be found in the corporate governance report on pages 25 to 31 of these financial statements. The corporate governance report forms part of this directors' report and is incorporated into it by cross-reference.

The directors' report and responsibility statement was approved by the Board of Directors on 25 February 2022 and is signed on its behalf by;

**Andrew Hollingworth**  
Director

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**Strategic Report**

The Directors present the Strategic Report of Toople Plc for the year ended 30 September 2021.

**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 DMSL.

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 9 - 13.

**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 Group's key performance indicators, as monitored by the Directors, were as follows:

	Revenue £'000	Gross profit* £'000	Gross Margin %	Admin expenses as a % of revenue	Adjusted EBITDA** £'000	Earnings per share* (pence)
<b>2021</b>	3,013	1,055	35.0%	64.2%	(881)	(0.03)
<b>2020</b>	3,438	863	25.1%	66.7%	(1,305)	(0.10)
<b>2019</b>	2,452	479	19.5%	91.9%	(1,648)	(0.16)
<b>2018</b>	1,505	204	13.6%	109.9%	(1,338)	(0.60)

\*As restated

\*\* Adjusted EBITDA is defined as operating profit, after adjusting for depreciation, amortisation, impairment and exceptional items (i.e. expenses or credits that are deemed unusual by nature and/or scale and significance). See below for reconciliation of adjusted EBITDA to statutory results. Refer to Note 4 for details of exceptional items.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Group operating loss</b>	(1,089)	(2,614)	(1,645)	(1,346)
Add: Exceptional items*	-	-	(456)	-
Less: Exceptional items**	-	1,163	433	-
Add: Depreciation of property, plant and equipment and Right-of-use assets	65	55	-	-
Add: Amortisation of intangible assets	143	91	20	8
<b>Adjusted EBITDA</b>	<b>(881)</b>	<b>(1,305)</b>	<b>(1,648)</b>	<b>(1,338)</b>

\* Relates to the write off of a shareholder loan as reported in the Annual Financial Statements for the year ended 30 September 2019.

\*\* Refer to Note 4 for details of these exceptional items.

**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 have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity, and consider that 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 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

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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- 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. In particular, by the nature of the SME market in which the Group operates, it is exposed to potential bad debt issues from its customers. These risks are more fully disclosed in Note 3 to the financial statements
  - 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
  - COVID-19 – The Board is monitoring the global health crisis and is considering the associated risks and impact on the position of the Group from both an operational and financial perspective. With the extreme restrictions in force as a result of COVID-19 and its implications, means that there can be no assurance that the Group will be able to perform its intended workflows, achieve its stated aims or raise additional finance if required. The Board continues to monitor the effect of COVID-19 on an on-going basis.

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 Governance Report on pages 25 to 31. A gender analysis is included in the Governance Report.

**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.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**Section 172 Statement**

In accordance with section 172 (1) (a to f) of the Companies Act the directors have behaved in a way that would most likely to promote the success of the company for the benefit of its members as a whole. Our directors have regard, amongst other matters to the:

- Likely consequences of any decisions in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the company

The directors also take into account the views and interests of a wider set of stakeholders when making decisions on its key stakeholders. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders and the Board frequently has to make difficult decisions based on competing priorities.

**Shareholders**

As is normal for public limited companies the shareholders delegate authority for day-to-day management of the company to the board of executive directors and engage management in setting, approving and overseeing the execution of the strategy and related policies. During the year we reviewed the company's financial and operational performance; key transactions, including acquisitions, regulatory, funding, stakeholder engagement and diversity and inclusion. The Board received papers and reports on these matters which were then reviewed, discussed and approved, as necessary. In addition, the Board values the views of our shareholders and recognises their interest in our strategy and performance. We endeavour to update shareholders on the Board's expectations for the outlook of the business as and when this changes. As much as possible, we try to provide information that is relevant to our shareholders on our corporate website, in our Annual Report and Accounts and through regulatory news announcements throughout the year.

The primary mechanism for engaging with our shareholders is through the Company's AGM and also through the publication of the Group's financial results for the half year and the full year. At the AGM we encourage our shareholders to ask questions about our performance and products and services. Last year, as we held a closed meeting due to Covid-19 restrictions, we asked for questions to be submitted prior to the AGM and these together with the Company's responses were published on the Company's website.

**Customers**

Understanding our customers and what matters to them is key to the success of Toople. We listen and talk to them using all of the tools at our disposal and through our support centres based in Bishop Stortford and Durban and also indirectly via our reseller channel.

**Suppliers**

We have a long-standing close relationship with our main suppliers who we would normally meet on a regular basis. During the pandemic, we have communicated via video conferencing, working together with a common goal.

**Employees**

A key to the Group's success has been its engaged workforce. The Group's Directors, alongside our management teams, work hard to provide a positive working environment. It is important for us to provide opportunities for all of our staff to allow them to grow and achieve their potential.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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The impact of the company's activities on our stakeholders, including colleagues, customers and suppliers is an important consideration when making decisions.

The directors have regard for matters set out in section 172 (1) (a-f) of the Companies Act 2006 when discharging their section 172 duties.

Approved by the Board on 25 February 2022.

**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 2018 (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 provision 34 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 10, 11, and 12. 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 provisions of 24 and 32 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](http://www.frc.org.uk)

Set out on the following pages are Toople's corporate governance practices for the year ended 30 September 2021.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**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 2021 the Board met on 12 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 14 to 15) 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;

<b>Member</b>	<b>Meetings attended</b>
Richard Horsman	12 of 12
Kevin Lawrence	12 of 12
Andy Hollingworth	12 of 12
Paul White	12 of 12

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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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 met three times during the current financial year and will meet at least three times per year from 1 October 2021, and 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 will be Richard Horsman (Chair), Andrew Hollingworth, Kevin Lawrence and Paul White. The Committee meets on an as needs basis.

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.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**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 39-40 and the Remuneration Committee on pages 32-38. 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 14-15 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.

*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.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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. Given the current level of activity and number of employees, there is currently no formal diversity policy in place. However, this is something that will be considered by the Board as the Company grows. The following table sets out a breakdown by gender at 30 September 2021:

	Male	Female
Directors	4	-
Senior Managers	1	3
Other employees	4	7

**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 39-40. 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 39-40.

*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 16 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, are of the opinion that although the Company currently has inadequate working capital to execute its operations over the 12 months following the date of approval of the financial statements, it has the ability to access additional financing, if required, over the next 12 months. The Directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements in accordance with *Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009*. A material uncertainty in relation to going concern has been included in the independent auditor's report.

*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

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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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 32-38 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](http://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.

### **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.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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

**Kevin Lawrence**  
Non-Executive Director  
25 February 2022

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**Directors' Remuneration Report**

The Company's Remuneration Committee comprises two Non-Executive Directors: Kevin Lawrence (Chairman) and Richard Horsman. Kevin Lawrence was appointed as chair of the Remuneration Committee on 1 October 2020.

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

In the year to 30 September 2021 Remuneration Committee met once.

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.

During the year the Company implemented a Long Term Incentive Plan, comprising an Approved Enterprise Management Incentive Scheme and an Unapproved share option scheme as part of its 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.



**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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 2021 and who had beneficial interests in the ordinary shares of the Company are summarised as follows:

<b>Name of Director</b>	<b>Position</b>
Richard Horsman	Chairman, Non-Executive Director
Andrew Hollingworth	Chief Executive Officer
Kevin Lawrence	Non-Executive Director ( <i>Resigned as CFO 1<sup>st</sup> October 2020</i> )
Paul White	Chief Finance Officer ( <i>appointed 1<sup>st</sup> October 2020</i> )

Details of these beneficial interests can be found in the Directors' Report on pages 17-20.

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 being a member of the Audit and Remuneration Committees. 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 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's appointment was 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 was 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.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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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.

Paul White is employed as Chief Finance Officer under a service agreement with the Company dated 30 October 2020. Per this service agreement he is entitled to a salary of £85,000 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 3 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.

Kevin Lawrence was engaged as Chief Financial Officer under an agreement with the Company from the date of his appointment in June 2018 to 1 October 2020 whereupon he stepped down as Chief Finance Officer and was appointed as a Non-Executive Director. On appointment as a Non-Executive Director, he is entitled to an annual fee of £10,800 for up to 24 days' work per annum, which includes Chairing the Remuneration and Audit Committees. He will be entitled to an additional fee if he is required to perform any specific and additional services. He 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 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 Lawrence's appointment was for an initial term of three years unless terminated earlier by either party giving to the other three months' prior written notice. In addition, the services of Mr Lawrence are provided on a consultancy basis by KBL Consulting Limited. Pursuant to the terms of a consultancy agreement KBL Consulting Limited is entitled to be paid a fee of £25,200 plus any applicable VAT. The appointment was 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.

**Remuneration components**

Other than the implementation of a new LTIP during the year, for the year ended 30 September 2021 salaries and fees were the sole components 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
- Awards under the Company's LTIP arrangements

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**Directors' emoluments and compensation (audited)**

Set out below are the emoluments of the Directors for the year ended 30 September 2021:

Name of Director	Salary and fees***		Other taxable benefits*		Total	
	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Richard Horsman	50,000	75,004	-	-	50,000	75,004
Kevin Lawrence*	36,000	-	-	-	36,000	-
<b>Non-Executive total</b>	<b>86,000</b>	93,004	-	-	<b>86,000</b>	
Andrew Hollingworth	120,000	95,000	18,000	18,000	138,000	113,000
Kevin Lawrence*	-	106,325	-	-	-	106,325
Paul White	85,000	-	-	-	85,000	-
<b>Executive total</b>	<b>205,000</b>	201,325	<b>18,000</b>	18,000	<b>223,000</b>	219,325
<b>Total</b>	<b>291,000</b>	294,329	<b>18,000</b>	18,000	<b>309,000</b>	312,329

\* Transitioned from Chief Finance Officer to Non-Executive Director on 1<sup>st</sup> October 2020.

\*\* Other taxable benefits relates to a monthly car allowance.

\*\*\* There were no bonuses awarded during the year.

As at 30 September 2021, the following amounts were owed to certain directors for fees and salaries for services provided to the Group:

	2021 £	2020 £
Richard Horsman	8,333	6,000
Andrew Hollingworth	11,500	-
Paul White	7,083	-
Kevin Lawrence	53,030	73,930

**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 2021 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 2021	As at the date of this report or their resignation (if earlier)	Number of share warrants and options	Number of share options and warrants vested but unexercised
Richard Horsman	54,160,680	12,500,000	104,833,340	104,833,340
Kevin Lawrence	59,961,666	71,072,777	69,997,500	69,997,500
Andrew Hollingworth	28,250,000	33,805,556	169,000,000	169,000,000
Paul White	-	-	42,000,000	42,000,000

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**Total pension entitlements (audited)**

The Company does not currently 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**

	2021	2020
Richard Horsman	<b>20,833,340</b>	20,833,340
Kevin Lawrence	<b>27,997,500</b>	27,997,500
Andrew Hollingworth	-	-
Paul White	-	-

On 18 February 2020, the Directors participated in the Placing of shares in lieu of outstanding fees and consequently a total of 48,830,840 warrants were awarded to Richard Horsman and Kevin Lawrence to subscribe for one new ordinary share at 0.1p per share at any time during the period commencing on 18 February 2020 ("Vesting Date") and the third anniversary of the Vesting Date. These awards were on the same terms as warrants issued to all other participants in the Placing. There are no performance conditions attached. The exercise price of the awards exceed the average share price for the period.

**Directors' interests in share options (audited)**

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

**Number of share options**

	2021		2020	
	Approved	Unapproved	Approved	Unapproved
Richard Horsman	-	<b>84,000,000</b>	-	-
Kevin Lawrence	-	<b>42,000,000</b>	-	-
Andrew Hollingworth	<b>169,000,000</b>	-	-	-
Paul White	<b>42,000,000</b>	-	-	-

On 15 May 2021, a long term incentive plan was implemented by the Group to incentivise the senior management team, comprising an Approved Enterprise Management Incentive Scheme ("EMI") and an Unapproved share option scheme for the Non-executive Directors who would not qualify for EMI options. The share options under both schemes vest over three years commencing

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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15 May 2021 and have an exercise period of 10 years from 15 May 2021. The options were awarded at the mid-market price on the date of issue. There are no performance conditions attached. The exercise price of the awards has exceeded the average share price for the period since the date of issue.

There were no awards of annual bonuses or other 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.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**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.

**Remuneration to all employees of the group:**

	<b>2020</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration paid to or receivable by all employees of the group	<b>965,071</b>	1,013,825

Approved by the Board on 25 February 2022

**Kevin Lawrence**

Chairman of the Remuneration Committee

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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## **Audit Committee Report**

The Audit Committee comprises two Non-Executive Directors (Kevin Lawrence 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. Kevin Lawrence, who was appointed as Chairman of the Audit Committee on 1<sup>st</sup> October 2020, has been a qualified chartered accountant since 1986 and 20 years' experience acting at the CFO level. 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 was changed after the period end from PKF Littlejohn LLP to Price Bailey LLP. The Audit Committee will closely monitor the level of audit and non-audit services they provide to the Company. Currently the external auditors do not provide any non-audit services to the Company.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**Meetings**

In the year to 30 September 2021 the Audit Committee met on three 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 change of auditors to Price Bailey LLP.

**Risk Management and Internal Controls**

Through the work of the Committee, the Board regularly carries out a risk assessment to identify the principal risks to the business and these include:

- Status of the UK telecoms market
- Emergence of new telecoms technologies and product offerings and potential impact on the business
- Working capital management and forecasting
- Liquidity
- Systems and cyber risks
- Talent and skills

**External auditor**

The Company's external auditor is Price Bailey LLP. The external auditor has unrestricted access to the Audit Committee Chairman. The Committee is satisfied that Price Bailey 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, Price Bailey LLP were appointed by the Company on 11 January 2022 following a tender process in the year. Having assessed the performance objectivity and independence of the auditors, the Committee will be recommending the reappointment of Price Bailey LLP as auditors to the Company at the 2020 Annual General Meeting.

**Kevin Lawrence**

Chairman of the Audit Committee  
25 February 2022



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOOPLE PLC**

### **Opinion**

We have audited the financial statements of Toople PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006, 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 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group and the 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.

### **Our approach to the audit**

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group audit team performed the following:

- Full scope audits on Toople.com Limited, Direct Market Services Limited and Toople PLC (entity); and
- The remaining components not subject to full scope audit were reviewed for group reporting purposes, by the group audit team, using analytical procedures to support the

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

conclusions reached that there were no significant risks of material misstatement of the aggregated financial information of these components.

This together with additional procedures performed at Group level over the consolidate process gave us the evidence we needed for the opinion on the financial statements as a whole.

**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.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Key audit matter</b>	<b>How we addressed it</b>
<p><b>Revenue Recognition (Note 2r)</b></p> <p><b>Under ISA(UK) 240 there is a presumption that revenue recognition is a fraud risk.</b></p> <p><b>There is the risk that revenue from the provision of telephony services has been incorrectly recognised within the financial statements. There is also the risk that following the acquisitions in the year that the newly acquired entities are not recognising revenue in accordance with IFRS 15.</b></p>	<p>Our work in this area included but was not limited to:</p> <ul style="list-style-type: none"> <li>• Documenting our understanding of the internal control environment;</li> <li>• Substantive testing to ensure the completeness of revenue;</li> <li>• A review of post-year end credit notes to ensure revenue cut-off is appropriately accounted for; and</li> <li>• A review of the Group's revenue recognition policy to ensure that it is in accordance with IFRS 15 and that all entities within the group are adhering to said policy.</li> </ul>
<p><b>Carrying value of investments and intercompany Receivables (Company) – (Note 5 and 6 Parent Company)</b></p> <p><b>The Company holds investments in subsidiaries of £1.55 million and intercompany receivables of £8.87 million are due from the subsidiaries but have been fully provided against. These are material balances and there is the risk that the balances are impaired, or have been provided against where this would be inappropriate.</b></p>	<p>Our work in this area included but was not limited to:</p> <ul style="list-style-type: none"> <li>• Reviewing calculations around the valuation of investments and the recoverability of intercompany receivables and challenging any judgemental inputs in the calculations as well as obtaining evidence of progress in respect of potential new contracts; and</li> <li>• Ensuring the linked disclosures in respect of accounting estimates are IFRS compliant and disclosure the key assumptions.</li> </ul> <p>There was significant doubt over the recoverability of the intragroup receivables, and hence these have been provided against.</p>

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

<p><b>Valuation of intangible assets (note 7)</b></p> <p><b>The company has intangible assets at the year end with a value of £1.303 million. There is a risk that internally generated intangible assets don't meet the requirements to be capitalised. The intangible assets may also be impaired.</b></p>	<p>Our work in this area included but was not limited to:</p> <ul style="list-style-type: none"> <li>• Reviewing costs capitalised to ensure that they met the requirements for capitalisation;</li> <li>• Critically reviewing net present value assessments of intangible assets prepared by management for reasonableness;</li> <li>• Ensuring that intangible assets are amortised accurately over an appropriate timescale.</li> </ul>
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**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.

Materiality for the group financial statements was set at £100,000 (2020: £122,000). This was calculated based on 7.5% of the loss before tax (rounded). The benchmark used is the one which we determined, in our professional judgment, to be the key principal benchmark within the financial statements relevant to members of the parent company in assessing financial performance of the group.

Materiality for the parent company financial statements group materiality £90,000 (2019: £121,999).

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £5,000 (2019: £6,100). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

**Material uncertainty related to going concern**

We draw attention to Note 2c in the financial statements, which indicates that the company incurred a loss after tax of £1,218k during the year ended 30 September 2021 and, as of that date, the company's current liabilities exceeded its current assets by £354k. As stated in Note 2c, these events or conditions, along with other matters as set forth in Note 2c, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of management's process for producing forecasting models; and
- Performing analysis of changes in key assumptions including a reasonable (but not unrealistic) reduction in revenue to understand the sensitivity of the cash flow forecasts; and

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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- Comparing post balance sheet date results against forecasts to challenge the accuracy of forecasting; and
- Reviewing the post year end cash position for the group; and
- Considering the group's ability to raise funds, including reviewing actual fundraising since the balance sheet date; and
- A review of the appropriateness of the group's going concern policy in note 2c of the financial statements as to whether it discloses all the relevant events and assumptions made to adopt the going concern basis of accounting in preparation of the financial statements.

In relation to the reporting on how the entity has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting; and
- the directors' identification in the financial statements of the material uncertainty related to the entity's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

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

**Other Information**

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

We have nothing to report in this regard.

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

In our opinion 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:

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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- 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.

**Corporate governance statement**

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules. Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 29;
- Directors' explanation as to their assessment of the groups prospects, the period this assessment covers and why the period is appropriate set out on page 29;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 29;
- Directors' statement on fair, balanced and understandable set out on page 18;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 29;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 29; and
- Section describing the work of the audit committee set out on page 27.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and 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 parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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for appropriateness, and evaluating the business rational of significant transactions to identify large or unusual transactions. We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions;

- We critically assessed significant estimates inherent in the financial statements. This involved comparing estimates to similar policies adopted by competitors, and assessing estimates against post year end actual performance. We also considered estimates in light of our expectations which are formed on the basis of past experience and our knowledge of the entity and the industry;
- We reviewed correspondence with regulatory bodies to identify any potential legislative breaches;
- We reviewed management meeting minutes to identify any potential legislative breaches;
- We have obtained furlough claims submitted to HMRC in the year, and tested a sample to ensure these were correctly calculated.

A further description of our responsibilities is available on the FRC's website at:  
<https://www.frc.org.uk/auditors/audit-assurance/auditorsresponsibilities>

This description forms part of our auditor's report

**Other matters which we are required to address**

We were appointed by the audit committee on 11 January 2022 to audit the financial statements for the period ending 30 September 2021. Our total uninterrupted period of engagement is one year, covering the period ending 30 September 2021 only.

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.

Martin Clapson FCA (Senior statutory auditor)  
for and on behalf of

**Price Bailey LLP**  
Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**Consolidated statement of comprehensive income**

	NOTE	2021 £	2020 (Restated) £
<b>Continuing operations</b>			
Revenue		<b>3,012,936</b>	3,438,284
Costs of Sales		<b>(1,958,149)</b>	(2,574,822)
<b>Gross Profit</b>		<b>1,054,787</b>	863,463
Other Income		-	127,985
Administrative expenses	4	<b>(1,936,318)</b>	(2,295,989)
Depreciation and amortisation	4	<b>(207,957)</b>	(146,655)
Exceptional items	4	-	(1,162,930)
<b>Operating loss</b>		<b>(1,089,489)</b>	(2,614,126)
Interest payable and similar charges		<b>(191,774)</b>	(97,910)
Interest receivable		<b>313</b>	508
<b>Loss before taxation</b>	4	<b>(1,280,950)</b>	(2,711,528)
Taxation	5	<b>62,938</b>	49,710
<b>Loss for the year</b>		<b>(1,218,012)</b>	(2,661,818)
Other comprehensive negative income for the year		-	-
<b>Total comprehensive negative income for the year attributable to the equity owners</b>		<b>(1,218,012)</b>	(2,661,818)
<b>Earnings per share</b>			
<b>Basic and diluted earnings per share</b>	6	<b>(0.03)</b>	(0.10)

*The notes (on pages 52 to 82) to the consolidated financial statements form an integral part of these financial statements.*

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**Consolidated statement of financial position**

		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>(Restated)</b>
	<i>NOTE</i>		<i>£</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible Assets	7	<b>1,302,638</b>	1,324,867
Property, plant and equipment	8	<b>32,339</b>	37,380
Right of use assets	21	<b>138,521</b>	64,173
Total Non-current assets		<b>1,473,498</b>	1,426,420
<b>Current assets</b>			
Trade and other receivables	9	<b>337,159</b>	855,941
Cash and cash equivalents	10	<b>281,592</b>	568,533
Total Current assets		<b>618,751</b>	1,424,474
<b>Total assets</b>		<b>2,092,249</b>	2,850,894
<b>EQUITY and LIABILITIES</b>			
<b>Capital and reserves attributable to equity shareholders</b>			
Share capital	11	<b>2,822,451</b>	2,347,874
Share premium	11	<b>6,266,040</b>	6,027,272
Merger reserve		<b>(25,813)</b>	(25,813)
Share-based payment reserve		<b>116,177</b>	49,843
Accumulated deficit		<b>(9,856,690)</b>	(8,638,677)
<b>Total equity</b>		<b>(677,833)</b>	(239,501)
<b>Current liabilities</b>			
Trade and other payables	12	<b>932,808</b>	1,474,903
Lease liabilities	21	<b>39,818</b>	52,517
<b>Total current liabilities</b>		<b>972,626</b>	1,527,420
<b>Non-current liabilities</b>			
Financial liabilities - borrowings	12	<b>1,688,935</b>	1,549,316
Lease liabilities	21	<b>108,521</b>	13,659
Total non-current liabilities		<b>1,797,456</b>	1,562,975
<b>Total equity and liabilities</b>		<b>2,092,249</b>	2,850,894

*The notes (on pages 52 to 82) 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**  
25 February 2022



**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**Consolidated statement of changes in equity**

	Share capital	Share premium	Merger reserve	Share Based Payment reserve	Accumulated deficit	Total
<b>CURRENT YEAR</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Brought forward at 1 October 2020 as previously reported	2,347,874	6,027,272	(25,813)	49,843	(8,400,239)	(1,063)
Impact of correction of errors	-	-	-	-	(238,439)	(238,439)
Restated balance at 1 October 2020	2,347,874	6,027,272	(25,813)	49,843	(8,638,678)	(239,502)
Loss for the year					(1,218,012)	(1,218,012)
Total comprehensive loss for the year	-	-	-		(1,218,012)	(1,218,012)
<b>Transactions with owners</b>						
Issue of share capital net of share costs	474,577	261,188	-	-	-	735,766
Share-based payment charge credited to equity	-	(22,420)	-	66,334	-	43,914
<b>At 30 September 2021</b>	<b>2,822,451</b>	<b>6,266,040</b>	<b>(25,813)</b>	<b>116,177</b>	<b>(9,856,690)</b>	<b>(677,834)</b>

See page 50 for description of each reserve.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

	Share capital	Share premium	Merger reserve	Share Based Payment reserve	Accumulated deficit	Total
<b>PRIOR PERIOD</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Brought forward at 1 October 2019	762,774	5,412,561	(25,813)	255,099	(6,100,080)	304,541
Loss for the year (Restated)	-	-	-	-	(2,661,818)	(2,661,818)
Total comprehensive negative loss for the year	-	-	-	-	(2,661,818)	(2,661,818)
<b>Transactions with owners</b>						
Issue of share capital net of share costs	1,585,100	525,562	-	-	-	2,110,662
Share-based payment charge credited to equity	-	(42,730)	-	49,843	-	7,113
Share-based payment adjustment in respect of lapsed warrants	-	131,879	-	(255,099)	123,220	-
<b>At 30 September 2020</b>	<b>2,347,874</b>	<b>6,027,272</b>	<b>(25,813)</b>	<b>49,843</b>	<b>(8,637,677)</b>	<b>(239,502)</b>

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 2b.

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

Accumulated deficit represents the aggregate retained deficit of the Group.

*The notes (on pages 52 to 82) to the consolidated financial statements form an integral part of these financial statements.*

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**Consolidated statement of cash flows**

	NOTE	Year ended 30 Sep 2021	Year ended 30 Sep 2020 (restated)
		£	£
<b>Cash flows from operating activities</b>			
Operating loss		(1,089,489)	(2,614,126)
Depreciation and amortisation		207,958	146,655
Share-based payment charge		43,914	7,113
R&D tax credit		62,938	49,710
Interest paid		(37,808)	(7,794)
Interest received		313	508
<b>Changes in working capital</b>			
Decrease in stock		-	2,030
Decrease / (increase) in receivables		518,781	762,197
(Decrease)/ increase in payables		(542,096)	79,472
<b>Net cash outflow from operating activities</b>		<b>(835,487)</b>	<b>((1,574,235))</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of share capital (net of issue costs, see Note 11)*		735,766	934,200
Proceeds from loans		-	1,524,995
Loan repayments		(14,347)	-
Lease payments		(48,127)	(39,898)
Loan issue costs		-	(65,795)
<b>Net cash from financing activities</b>		<b>673,292</b>	<b>2,353,502</b>
<b>Cash flows from investing activities</b>			
Acquisition of office equipment		(4,108)	(10,075)
Acquisition of intangible assets		(120,845)	(108,405)
Proceeds on sale of fixed assets		207	-
Acquisition of subsidiary undertakings		-	(467,848)
Net cash acquired with subsidiary undertaking		-	(121,806)
<b>Net cash from investing activities</b>		<b>(124,746)</b>	<b>(708,134)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(286,941)</b>	<b>71,133</b>
Cash and cash equivalents at start of year		568,533	497,400
<b>Cash and cash equivalents at end of year</b>	10	<b>281,592</b>	<b>568,533</b>

The notes (on pages 52 to 82) to the consolidated financial statements form an integral part of these financial statements.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**Notes to the consolidated financial statements**

**1. General Information**

a) Nature of operations

The Company is a public limited company listed on the London Stock Exchange main market, which was incorporated in England and Wales on 2 March 2016 and is domiciled in England and Wales. 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). Through the DMSL business the Group also resells BT's Services and propositions and where relevant across the SME market.

b) Component undertakings

The undertakings included in the financial statements are as follows (see also note 5 to the Company financial statements):

<b>Group Company</b>	<b>Registered Office</b>
Toople.com Limited	Woodside 2, Dunmow Road, Birchanger, Bishop's Stortford, CM23 5RG
DMS Holding 2017 Limited	Woodside 2, Dunmow Road, Birchanger, Bishop's Stortford, CM23 5RG
Direct Market Services Limited (DMSL)	Woodside 2, Dunmow Road, Birchanger, Bishop's Stortford, CM23 5RG
checkthatcompany.co.uk Limited	Woodside 2, Dunmow Road, Birchanger, Bishop's Stortford, CM23 5RG
Broadbandandphones Limited	Woodside 2, Dunmow Road, Birchanger, Bishop's Stortford, CM23 5RG
Ask Merlin Limited	Woodside 2, Dunmow Road, Birchanger, Bishop's Stortford, CM23 5RG
Toople Finance Limited	Woodside 2, Dunmow Road, Birchanger, Bishop's Stortford, CM23 5RG
Toople Management Services Limited	Woodside 2, Dunmow Road, Birchanger, Bishop's Stortford, CM23 5RG
Ask Merlin Poland SP Zoo*	Kobylanka, ZACHODNIOPOMORSKIE, 73-108 Poland

*\*Owned by Ask Merlin Limited*

**2. Summary of Significant Accounting Policies**

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

**a) Basis of Preparation**

The Consolidated Financial statements have been prepared in accordance with International Accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union "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

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss.

The preparation of Consolidated Financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Consolidated Financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

**b) Basis of Consolidation**

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 noted above 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 IFRS 3 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.

Subsequent to the initial establishment of the Group the acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

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 to the Group's accounting policies.

**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 2021 the Group had £281k of cash and net liabilities of £677k. The Group made a loss in the year of £1,218k (2020: £2,662k loss), and had net current liabilities at the year-end of £354k (2020: £103k net liabilities). In addition, subsequent to the year end a further Placing of shares took place on 22<sup>nd</sup> October 2021 raising a further £377k (before expenses). The Directors, having given due and careful consideration, are of the opinion that although the Company will need to raise further funds over the 12 months following approval of the financial statements in order to execute its strategy and for working capital, it has the ability to access additional financing, if required, over the next 12 months. The Directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009.

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.

The auditors have made reference to going concern by way of a material uncertainty within their audit report.

**d) Leases**

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Income Statement over the lease period.

Right-of-use assets are measured at cost which comprises the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases (less than 12 months) and all lease of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise office equipment and furniture acquired as part of the acquisition of DMS Holding 2017 Limited.

**e) New Standards and Interpretations**

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 UK. The Group and Company intend to adopt these standards, if applicable, when they become effective.

<b>Standard / Interpretation</b>	<b>Title</b>
IAS 1	Presentation of liabilities as current or non-current
IAS 1	Disclosure of accounting policies
IAS 8	Definition of accounting estimates

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.

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.

**f) 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 financial assets held at amortised cost. 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 under the expected credit loss model.

The expected credit loss is calculated as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD).

The amount of the expected credit loss is measured as the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that are expected to be received (i.e. all cash shortfalls), discounted at the original effective interest rate (EIR).

The carrying amount of the asset is reduced through use of allowance account and recognition of the loss in the Statement of Comprehensive Income. Allowances for credit losses on financial assets are assessed collectively. Collectively assessed impairment allowances cover credit losses inherent in portfolios of financial assets with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified.

In assessing collective impairment, the Group uses information including historical trends in the probability of default (although this is limited given the relatively short trading history of the Group), timing of recoveries and the amount of expected loss, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical evidence. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

IFRS 9 suggests the use of reasonable forward-looking information to enhance ECL models. The Group incorporates relevant forward-looking information into the loss provisioning model.

Financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents 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.

**g) Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

**h) Property, plant and equipment**

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

Depreciation is provided at rates calculated to write off the cost of each asset, on a straight-line basis, over its expected useful life to its residual value, as follows:

Leasehold improvements	10 years
Office equipment	4 years
Furniture and fittings	4 years
Computer equipment	4 years

**i) Other Intangibles**

Other intangibles include customer contracts, developed technology and developments costs. Customer contracts and developed technology acquired as part of a business combination are recognised initially at fair value determined in accordance with appropriate valuation methodologies and subjected to amortisation and annual impairment reviews. Developments costs are recognised initially at their cash cost and subjected to amortisation and annual impairment reviews:

*a. Customer contracts*

Customer contracts, acquired as part of a business combination, are capitalised at their fair value as at the date of acquisition. They are carried at their fair value less accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the fair value of customer relationships over their estimated useful life of six years. Customer contracts have been valued according to discounted incremental operating profit expected to be generated from them over their useful lives.

*b. Developed technology*

Developed technology, acquired as part of a business combination, is capitalised at its fair value as at the date of acquisition. It is carried at its fair value less accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the fair value of developed technology over its estimated useful life of five years. Developed technology has been valued using the Relief from Royalty Method.

*c. Development costs*

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.

Directly attributable costs that are capitalised as part of the Merlin and BTOps platforms development include the software development employee or contractor cost. Attributable overheads are not capitalised. Development costs not meeting the criteria for capitalisation are expensed as incurred.

Amortisation is provided on development costs so as to write off the cost, less any estimated residual value, over the expected useful life which has been estimated as being 5 years. Amortisation commences upon completion of the asset, and is shown separately on the face of the Statement of Comprehensive Income as part of the Depreciation and Amortisation charge for the year. Careful judgement by

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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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.

**j) Cash and cash equivalents**

In the consolidated Statement of Cash Flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

**k) Trade and Other Receivables**

Trade and other receivables are stated after impairment under the expected credit loss model as described in Note 2f).

**l) Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

**m) 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.

**n) Taxation**

***Current tax***

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

***Deferred tax***

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

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

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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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.

**o) Earnings per share**

Basic loss per share is calculated by dividing the profit attributable to owners of the company, (excluding any costs of servicing equity other than ordinary shares), by the weighted average number of ordinary shares outstanding during the financial year.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares that have satisfied the appropriate vesting or performance criteria as at the end of the financial year

**p) Exceptional items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

**q) 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. 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.

**r) Revenue recognition**

The process of revenue recognition described by IFRS 15 is based on the core principle "that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." Each promise or performance obligation is accounted for separately.

Revenue is recognised in accordance with that core principle and applying the following 5 step process:

1. *Identify the contract(s) with a customer;*
2. *Identify the performance obligations in the contract – includes an assessment of whether a contract includes multiple promises for goods and services (performance obligations) that are distinct and separately identifiable;*
3. *Determine the transaction price – based on the consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer;*

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

4. Allocate the transaction price to the performance obligations in the contract - either based on the observed or estimated stand-alone selling price for each performance obligation; and
5. Recognise revenue when (or as) the entity satisfies a performance obligation - this may be determined as being satisfied at a point in time or satisfied over time.

Contracts with customers are structured to ensure clarity of the definitions, timing and amounts relating to the delivery of performance obligations. Within the Toople Group, the Group earns revenue from the sale of telecommunication services to customers. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. Where the Group is acting as a reseller on behalf of another telecommunications provider, the Group earns commissions based on the total sales order value of the contract sold to the end customer. This revenue is recognised in the accounting period in which the underlying customer contract is accepted by the telecommunications provider. The following types of income are typically derived and recognised on the following basis:

Revenue Type	Revenue Description	Recognition Basis
A. Telecommunication Services	<p>The Group provides multiple services including the provision of broadband, telephony calls and minutes and wholesale services. For these services, a fixed monthly fee is charged for the duration of the customer contract period. The monthly transaction price is fixed at the outset of the contract period for all bundled services and this is deemed to be the transaction price.</p> <p>Calls to certain destinations can be bought by customers under fixed price bundles which are recognised as monthly fees.</p> <p>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, billed to the customer on a monthly basis and recognised at the point of usage. These charges are not part of the fixed monthly fee and are based on the customer's actual usage.</p> <p>Where the Group is acting as a reseller on behalf of another telecommunications provider, revenue is recognised at the point the underlying customer contract is accepted by the telecommunications provider</p>	<p><b>Point in Time -</b>  Recognised as the services are performed and consumed by the customer on a monthly basis. When acting as a reseller, at the point the contract is accepted by the provider.</p>
B. Connection fees	<p>Connection fees are chargeable to customers for certain services and revenues are recognised at the time of installation and go-live.</p>	<p><b>Point in time -</b>  Recognised at point of installation</p>

**s) Furlough scheme**

Toople PLC has accounted for government furlough grant receivables under IAS 20 and recognised a credit to match employee costs as and when they are received. Under IAS 20, it is permissible to present the grant and the expenses on either a gross or net basis. However, any related balance sheet items (i.e a grant receivable and amounts payable to employees) cannot be netted off. Any decision to top up the furlough payments to employees (eg. by choosing to pay more than the government guaranteed 80% of salary up to a maximum of 2,500 per month) is a voluntary decision

and should not be provided for in advance. This is because there is no obligation to make these additional payments and to do so would constitute providing for future costs. At year end all furlough payments have been received and no staff are on furlough

**t) 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.

**u) 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.

**v) Equity**

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

**3. Significant accounting judgements, estimates and assumptions**

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

***Valuation and asset lives of separately identifiable intangible assets***

In order to determine the value of the separately identifiable intangible assets on a business combination, management are required to make estimates when utilising the Group's valuation methodologies. These methodologies include the use of discounted cash flows, revenue and gross profit multiples. The carrying value of identified assets at 30 September 2021 was £302,000. Asset lives are estimated based on the nature of the intangible asset acquired and range between 5 and 6 years.

***Valuation of acquired assets at fair value***

Management have made a number of assumptions with regards to the models used to value acquired assets at their fair value at the date of acquisition. Valuation techniques commonly used by market practitioners are applied.

***Impairment of goodwill and other intangible assets***

There are a number of assumptions management have considered in performing impairment reviews of goodwill and intangible assets, as determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 30 September was £751,399, and of other intangibles was £551,239 (see Note 7).

***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.

The key estimates involved are surrounding the total man hours per development project, the standard cost per hour calculated, the projected revenues and profitability expected to arise as a result of the developments to the platform resulting in economic benefit, and the useful lives of the add-ons (see Note 7).

***Provision for bad and doubtful debts***

During the course of last year and the early part of this year, despite stringent credit checks and approval processes being in place, as customer numbers and orders increased exponentially, we also experienced a sharp increase in non-paying customers during the period. This was not completely unexpected given the micro-SME market within which the Group operates. The Board has taken a comprehensive review of the outstanding debts as at 30 September 2021 to assess the recoverability of the debt and any provisions that may be required however judgement is needed in making these

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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assessments. In performing this review, the Board has taken into account the following matters when performing this estimate:

- Any cash receipts from customers post year end
- Age of debt
- Segmentation of the customer base between B2B and B2C customers to assess degree of recoverability and payment trends on the two segments
- Discussions with the Group's third-party professional debt collection agents to assess underlying reasons for non-payment, contact rate with customers, payment plans made with customers, their overall view on the recoverability of the debtor book and over what time frame and the expected realisable value if the debtor book were sold to a third party, given its segmentation and ageing profile.

Taking into account the above factors, the impairment provisions made cover balances outstanding longer than 60 days (after adjusting for recoverable VAT and known recoverable amounts). The estimates and assumptions used to determine the level of provision will continue to be reviewed periodically and could lead to changes in the impairment provision methodology which would impact the income statement in future years (see Note 9).



**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**4. Loss before taxation**

The loss before taxation is stated after charging/ (crediting):

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
Depreciation of tangible assets	<b>9,107</b>	8,018
Depreciation of Right of Use assets	<b>55,883</b>	47,593
Amortisation of intangible assets	<b>142,969</b>	91,043
Impairment of trade receivables	<b>55,462</b>	-
Exceptional items		
Impairment of trade receivable	-	1,054,870
Restructuring costs*	-	108,060
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<b>30,000</b>	28,000
Share-based payment charges	<b>43,914</b>	7,113

*\* Restructuring costs relate to the closure of the Burnham head office on the consolidation of operations in Bishops Stortford following the acquisition of DMSL*

*Administrative expenses include:*

Marketing costs	<b>210,276</b>	429,277
Wages (including Directors)*	<b>788,393</b>	789,905
Social Security (including Directors)	<b>98,631</b>	94,040

*\*Excludes consulting fees payable to certain Directors of £57,700 (2020: £115,097).*

*In addition to the above in the year ended 30 September 2021 transaction costs totalling £33,646 (2020: £265,800) were payable to the Company's brokers and professional advisers at the time following the Placing of new shares to the Official List in October 2020 and this has been recognised against the share premium account.*

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**5. Taxation**

**Analysis of charge in the year**

	<b>2021</b>	2020 (Restated)
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax credit	<b>62,938</b>	49,710
<b>Loss on ordinary activities before tax</b>	<b>(1,280,951)</b>	(2,711,528)
<b>Analysis of charge in the year</b>		
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<b>(243,381)</b>	(515,190)
<i>Tax effects of:</i>		
Non-deductible expenses	<b>8,793</b>	32,631
R&D tax credits	<b>62,938</b>	49,710
Trading losses carried forward	<b>234,588</b>	482,559
Tax credit for the year	<b>62,938</b>	49,710

The Group has accumulated tax losses arising in the UK of approximately £9,715,139 (2020: £8,480,467) 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 calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	<b>2021</b>	2020 (Restated)
	<b>£</b>	<b>£</b>
<b>Loss for the year from continuing operations</b>	<b>(1,218,012)</b>	(2,661,817)
Weighted average number of shares in issue	<b>4,173,912,687</b>	2,608,531,587
Basic and diluted loss per share	<b>(0.03p)</b>	(0.10p)

The Company has in issue warrants and share options at 30 September 2021, these are detailed in note 11. 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.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**7. Intangible assets**

	Goodwill	Developed technology	Development costs	Website development costs	Customer Contracts	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 October 2020	751,399	240,000	254,850	17,905	192,000	1,456,154
Additions	-	-	120,845	-	-	120,845
Disposals	-	-	-	(105)	-	(105)
<b>At 30 September 2021</b>	<b>751,399</b>	<b>240,000</b>	<b>375,695</b>	<b>17,800</b>	<b>192,000</b>	<b>1,576,894</b>
<b>Amortisation and impairment</b>						
At 1 October 2020	-	30,000	63,487	17,800	20,000	131,287
Charge for period	-	48,000	62,969	-	32,000	142,969
<b>At 30 September 2021</b>	<b>-</b>	<b>78,000</b>	<b>126,456</b>	<b>17,800</b>	<b>52,000</b>	<b>274,256</b>
<b>Net book amount</b>						
<b>At 30 September 2021</b>	<b>751,399</b>	<b>162,000</b>	<b>249,239</b>	<b>-</b>	<b>140,000</b>	<b>1,302,638</b>
At 30 September 2020	751,399	210,000	191,363	105	172,000	1,324,867

The goodwill has been allocated to the Cash Generating Unit ("CGU") of DMSL that was acquired by the Company in February 2020, as follows:

Group	DMSL £
<b>At 30 September 2021</b>	751,399
At 30 September 2020	751,399

**Impairment test for goodwill**

Management reviews the business performance of DMSL. Budgeted revenue as based on expected levels of activity given results to date, together with expected economic and market conditions, taking into account the easing of Covid restrictions and management's assessment of how this would affect future performance of the business. Budgeted operating profit was calculated based upon management's expectation of operating costs appropriate to the business as reflected in the business plan.

The 30 September 2021 forecasts are based on a detailed 2 year plan to 30 September 2023 and cash flows beyond this date are extrapolated using an estimated 2% year on year growth rate. The cash flows were discounted using a pre-tax discount rate of 18.45% which management believes equates to the weighted average cost of capital for the Group which management believes is appropriate. For the DMSL CGU, the recoverable amount based on value in use exceeded the carrying value by £322,000.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**8. Tangible assets**

	Leasehold Improvements £	Office Equipment £	Furniture and Fittings £	Computer Equipment £	Total £
<b>Cost or valuation</b>					
At 1 October 2020	29,839	11,977	5,138	17,904	64,858
Additions	-	918	3,249	-	4,167
Disposals	-	(399)	-	(104)	(503)
<b>At 30 September 2021</b>	<b>29,839</b>	<b>12,496</b>	<b>8,387</b>	<b>17,800</b>	<b>68,522</b>
<b>Depreciation</b>					
At 1 October 2020	6,520	2,729	427	17,802	27,478
Disposals	-	(399)	-	(2)	(401)
Charge for year	3,128	4,809	1,169	-	9,106
<b>At 30 September 2021</b>	<b>9,648</b>	<b>7,139</b>	<b>1,596</b>	<b>17,800</b>	<b>36,183</b>
<b>Net book value</b>					
<b>At 30 September 2021</b>	<b>20,191</b>	<b>5,358</b>	<b>6,790</b>	<b>-</b>	<b>32,339</b>
At 30 September 2020	23,319	9,248	4,711	102	37,380

**9. Trade and other receivables**

	2021 £	2020 £
<b>Current</b>		
Trade receivables	<b>26,853</b>	111,091
Other receivables including taxes and social security costs	<b>80,816</b>	588,292
Prepayments and accrued income	<b>229,490</b>	156,558
	<b>337,159</b>	855,941

At 30 September 2021 management reviewed the trade receivables balance and have recognised a provision of £29,013 (2020: £109,124) against receivables where there is uncertainty over recoverability. The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 3 to the financial statements.

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

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

The Group's trade receivables are all denominated in UK Sterling and the ageing of gross trade receivables is as follows:

	2021 £	2020 £
0-2 months	21,180	101,933
2-3 months	3,037	22,737
Over 3 months	31,650	95,545
	<b>55,867</b>	<b>220,215</b>

The ageing of the expected credit losses of trade receivables is as follows:

	2021 £	2020 £
0-2 months	-	-
2-3 months	2,530	20,977
Over 3 months	26,483	88,147
	<b>29,013</b>	<b>109,124</b>

**10. Cash and cash equivalents**

	2021 £	2020 £
Bank current accounts (HSBC and Barclays)*	<b>281,592</b>	568,533

\* HSBC has a credit rating of Aa3 and Barclays has a credit rating of A1 (Moody's)

**11. Share capital and warrants**

	2021		2020	
	No.	£	No.	£
<b>Authorised, allotted and fully paid</b>				
Ordinary shares of 0.0667p each	<b>4,231,561,361</b>	<b>2,822,451</b>	3,520,051,135	2,347,874
		<b>Ordinary shares No.</b>	<b>Share Capital £</b>	<b>Share Premium £</b>
<b>Share capital</b>				
At 1 October 2020		3,520,051,135	2,347,874	6,027,272
Proceeds from share issues		711,510,226	474,577	307,334
Issue costs		-	-	(68,566)
<b>At 30 September 2021</b>		<b>4,231,561,361</b>	<b>2,822,451</b>	<b>6,266,040</b>

\*Transaction costs accounted for as a deduction from equity of £46,146 (2020: £265,800).

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

On 26<sup>th</sup> October 2020 the Company placed 704,010,226 ordinary 0.0667p shares at a subscription price of 0.11p per share. Commissions of £38,721 were payable to the brokers at the time and this has been recognised against share premium.

**Warrants**

On 18 February 2020 the Company issued warrants over 1,492,360,840 ordinary shares as follows:

- 63,230,840 warrants to the two Non-Executive Directors and one executive Director to subscribe for one new ordinary share at £0.001 per share at any time during the period commencing on 18 February 2020 and expiring at midnight on the third anniversary thereof; and
- 600,000,000 warrants to the subscribers to the placing to subscribe for one new ordinary share at £0.001 per share at any time during the period commencing on 18 February 2020 and expiring at midnight on the third anniversary; and
- 5,000,000 warrants to Cairn Financial Advisers to subscribe for one new ordinary share at £0.001 per share at any time during the period commencing on 18 February 2020 and expiring at midnight on the third anniversary thereof; and
- 74,130,000 warrants to the Company's brokers to subscribe for one new ordinary share at £0.001 per share at any time during the period commencing on 18 February 2020 and expiring at midnight on the third anniversary thereof; and
- 750,000,000 warrants to the Company's loan note providers to subscribe for one new ordinary share at £0.001 per share at any time during the period commencing on 18 February 2020 and expiring at midnight on the third anniversary thereof.

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

Warrants granted	1,492,360,840
Stock price	0.1p
Exercise price	0.1p
Risk free rate	0.5%
Volatility	101%
Time to maturity	3 years

Assumptions on expected volatility have been made on the basis of historical data, wherever available, corresponding with the vesting of the warrant. The fair value of the warrants issued to Cairn Financial Advisers, the Company's brokers and the Company's loan note providers amounting to £42,730 was recognised in share premium in the prior year on the basis they were issued for services relating to the placing. The fair value of the services received cannot be accurately measured and therefore the warrants issued in relation to these services are recoded at the estimated fair value of the warrants. The fair value of the warrants issued to the Directors has been charged to the income statement evenly over the vesting period resulting in a charge in the current period of £11,382 (2020: £7,113).

On 26<sup>th</sup> October 2020 the Company issued warrants over 35,200,511 ordinary shares to the Company's brokers to subscribe for one new ordinary share at 0.11p per share at any time during the period commencing 26 October 2020 and expiring at midnight on the third anniversary thereof.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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

Warrants granted	35,200,511
Stock price	0.12p
Exercise price	0.11p
Risk free rate	(0.07%)
Volatility	79.72%
Time to maturity	3 years

Assumptions on expected volatility have been made on the basis of historical data, wherever available, corresponding with the vesting of the warrant. The fair value of the warrants issued to the Company's brokers amounting to £22,420 has been recognised in share premium on the basis they were issued for services relating to the placing.

At 30 September 2021, warrants for 1,520,061,351 new Ordinary Shares in the Company were in issue as follows:

	<b>2021</b>		<b>2020</b>
	<b>No. of warrants</b>	<b>Weighted average exercise price (p)</b>	<b>No. of warrants</b>
As at 1 October	<b>1,492,360,840</b>	<b>0.1</b>	40,997,291
Granted during the year	<b>35,200,511</b>	<b>0.11</b>	1,492,360,840
Exercised in the year	<b>(7,500,000)</b>	<b>(0.1)</b>	-
Lapsed during the year	-		(40,997,291)
At 30 September	<b>1,520,061,351</b>	<b>0.1</b>	1,492,360,840

The outstanding warrants are exercisable as follows:

	No. of warrants	Exercise price (p)	Exercisable
Warrants Issued			
18 February 2020	1,492,360,840	0.1p	Exercisable from 18 February 2020 and expiring on 17 February 2023
26 October 2020	35,200,511	0.11p	Exercisable from 26 October 2020 and expiring on 25 October 2023
At 30 September 2020	1,520,061,351		

The warrants outstanding at 30 September 2021 had a weighted average remaining contractual life of 1 year and 146 days (2020: 2 years, 141 days).

### **Share options**

On 13<sup>th</sup> May 2021 the Company introduced a new Long Term Incentive Plan ("LTIP") designed to incentivise the Group's Executive Directors, Non-executive Directors and key employees. The LTIP is comprised of an Approved EMI Share Option scheme for the benefit of the Executive Directors and key employees and an Unapproved Share Option Scheme for the benefit of the Non-Executive Directors. On this date, options over 338,000,000 ordinary shares of 0.0667p were granted under the EMI Share Option Scheme and options over 126,000,000 ordinary shares of 0.0667p were granted under the Unapproved Share Option Scheme. All options granted under the LTIP have an exercise price of 0.07p per

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

share, being the market value at the time the options were granted. The vesting period for options under the LTIP is three years with an exercise period of 10 years, starting from the date of grant.

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

Warrants granted	464,000,000
Stock price	0.07p
Exercise price	0.07p
Risk free rate	0.86%
Volatility	79.72%
Time to maturity	3 years

Assumptions on expected volatility have been made on the basis of historical data, wherever available, corresponding with the vesting of the option. The fair value of the options granted to the Directors and Key Employees has been charged to the income statement evenly over the life of the option resulting in a charge to the current period of £32,533.

At 30 September 2021, Share options for 464,000,000 new Ordinary Shares in the Company were in issue as follows:

	<b>2021</b>		<b>2020</b>
	<b>No. of options</b>	<b>Weighted average exercise price (p)</b>	<b>No. of options</b>
			<b>Weighted average exercise price(p)</b>
As at 1 October	-	-	-
Granted during the year	<b>464,000,000</b>	<b>0.07</b>	-
At 30 September	<b>464,000,000</b>	<b>0.07</b>	-

The outstanding options are exercisable as follows:

Options	No. of warrants	Exercise price (p)	Exercisable
13 May 2021	464,000,000	0.07p	Exercisable from 13 May 2022 and expiring on 12 May 2031 with 3 year vesting period commencing 13 May 2021

The options outstanding at 30 September 2021 had a weighted average remaining contractual life of 9 years and 226 days (2020: nil).



**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**12. Trade and other payables**

	<b>2021</b>	2020
	<b>£</b>	(Restated) <b>£</b>
Trade payables	<b>515,286</b>	851,003
Social Security and other taxes	<b>155,034</b>	149,165
Other payables	<b>20,607</b>	72,273
Accruals and deferred income	<b>241,882</b>	402,462
Lease liabilities	<b>39,818</b>	52,517
	<b>972,626</b>	1,527,420
	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
<b>Non – current liabilities</b>		
Lease liabilities	<b>108,521</b>	13,659
Borrowings	<b>1,688,935</b>	1,549,316
	<b>1,797,456</b>	1,562,975

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 18 February 2020 the Company issued a loan note instrument constituting zero coupon secured loan notes for a face value of £1,625,000 with a maturity date of 31 December 2022. The Loan Note Instrument contains customary warranties, financial and other covenants and events of default. The Loan Note Instrument also contains information rights and board observer rights for the noteholders. The loan notes constituted under the Loan Note Instrument are repayable on the maturity date or in the event of the occurrence of an event of default. The loan notes constituted under the Loan Note Instrument are secured by a debenture over the assets of the Group. Costs associated with the issue of the loan note amounting to £65,795 are being amortised over the life of the loan note.

In July 2020, the Group took out a Coronavirus Business Interruption Loan for £240,000 at an interest rate of 3.39%. There are no repayments in the first 12 months of the loan following which 60 monthly capital repayments of £4,000 will be made.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

### 13. Acquisition of DMS Holdings 2017 Limited

On 18<sup>th</sup> February 2020, the Company acquired 100 percent of the shares in DMS Holding 2017 Limited. DMS Holding 2017 Limited is a holding company for Direct Market Services Limited which is a telecoms provider to the business market.

The consideration for the Acquisition was £1.5 million, satisfied by cash, the issue of 1,050,000,000 new Ordinary Shares in Toople (the "Consideration Shares") at the Placing Price, and the issue of Options to acquire up to 800,000,000 new Ordinary Shares subject to the achievement of earn out considerations over the next three years. The primary reason for the purchase was to improve cash flows due to DMSL's previous profitability, and to lead the group toward profitability sooner.

The table below summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.:

	£
Intangible assets	432,000
Tangible assets	147,094
Deferred tax assets	53,906
Trade and other receivables	713,799
Prepayments and accrued income	188,929
Cash and cash equivalents	1,404
Trade and other payables	(368,164)
Accruals and deferred income	(173,236)
Lease liabilities	(106,074)
Short term borrowings and loans	(123,210)
<b>Total identifiable net assets acquired</b>	<b>766,448</b>
<b>Consideration:</b>	
Issue of shares	1,050,000
Cash	427,847
	1,517,847
Goodwill	(751,399)
	<b>766,448</b>

An adjustment has been made to reflect the initial accounting for the acquisition of DMS Holding 2017 Limited, by the Company, being the elimination of the investment in DMS Holding 2017 Limited against the non-monetary assets acquired and recognition of goodwill. The Company has made a preliminary assessment of the fair value of net assets acquired pursuant to the acquisition of DMS Holding 2017 Limited, via a Purchase Price Allocation ("PPA") exercise. The PPA's determined a decrease of £432,000 of goodwill in DMS Holding 2017 Limited with the corresponding movement to be recognised as customer contracts and developed technology. The amortisation period for customer contracts and developed technology has been assessed as 6 years and 5 years respectively. Amortisation of intangible assets is included in administrative expenses in the Income Statement.

The revenue included in the Group Statement of Comprehensive Income for the prior period from 18 February 2020 to 30 September 2020 contributed by DMS Holding 2017 Limited was £1,207,392. DMS Holding 2017 Limited also contributed a loss of £232,675 over the same period in the prior year.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

Had DMS Holding 2017 Limited been consolidated from 1 October 2019, the Group Statement of Comprehensive Income would show revenue of £2,225,186 and a loss of £414,421 in the prior year.

**14. Related party disclosures**

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
Goods/services purchased from Dotfusion Limited	<b>40,500</b>	72,000
Goods/services purchased from High Lees Consulting	<b>32,004</b>	57,004
Goods/services purchased from KBL Consulting Limited	<b>25,200</b>	95,525
Goods/services supplied to High Lees Consulting	<b>2,601</b>	1,853
	<b>100,305</b>	226,382

Mr Piotr Kwiatkowski is the owner of Dotfusion and is a shareholder in Toople Plc. There was no balance outstanding at 30 September 2021.

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 £5,332 (2020: £nil) 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 a Non- Executive Director. There was a balance owing at the end of the period of £51,230 (2020 £72,670).

During the year to 30 September 2021 Toople Plc recharged certain administrative expenses to its subsidiaries through a management fee. The total amount charged was £773,479 (2020: £518,103). At 30 September 2021 Toople Plc was owed £8,870,948 (2020: £7,752,182) from its subsidiaries.

**15. Directors, key management and employees**

Details of the Directors and key management personnel are set out on pages 14 to 15. Key management personnel are considered to be the Directors. Relevant related party transactions are disclosed in Note 14.

Details of Directors' remuneration are set out in the Remuneration Committee Report on page 31 to 37.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

The total remuneration of the directors and key management personnel is £344,010 (2020: £317,546), as set out below in aggregate for each of the categories specified in IAS 24:

<b>Directors</b>	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
Short term benefits - Salaries and fees	<b>309,000</b>	312,329
Long Term Benefits	-	-
Share-based payments	<b>35,010</b>	5,217
<b>Total</b>	<b>344,010</b>	317,546

The average number of persons employed by the Group (excluding Directors) during the year was 20 (2020: 17), analysed by category as follows:

	<b>2021</b>	2020
	<b>No.</b>	<b>No.</b>
Management and Finance	<b>3</b>	3
Sales and Marketing	<b>13</b>	9
Operations & IT	<b>4</b>	5
<b>Total</b>	<b>20</b>	17

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

	<b>2021</b>	2020
	<b>No.</b>	<b>No.</b>
Wages and salaries (including Directors salaries and fees)	<b>1,029,421</b>	905,002
Furlough scheme	<b>(183,331)</b>	-
Social security costs	<b>98,631</b>	94,040
Pension costs	<b>20,350</b>	14,783
<b>Total</b>	<b>965,071</b>	1,013,825

## **16. 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:

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
<b>Financial Assets at amortised cost</b>		
Cash and cash equivalents	<b>281,592</b>	568,533
Trade and other receivables	<b>282,877</b>	782,258
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	<b>777,775</b>	1,325,738
Borrowings	<b>1,688,935</b>	1,549,316

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**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**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The allowance account for trade receivables is used to record impairment losses unless the Group has no reasonable expectations of recovery; at that point the amounts considered irrecoverable are written off against the trade receivables directly. The Group provides for impairment losses based on expected credit losses. For trade receivables, the Group applies the IFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group had trade receivables of £26,854 at 30 September 2021 (2020: £111,091), net of bad debt provisions. The methodology adopted for determining the bad debt provision is detailed in Note 3 to the financial statements.

**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.

**17. Pension Commitments**

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

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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**18. Dividends**

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

**19. 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.

**20. Subsequent events**

On 20 December 2021 the Company completed a reorganisation, where each existing ordinary share of 0.0667 pence was subdivided into one new ordinary share of 0.01 pence ("New Ordinary Share") and one deferred share of 0.0567 pence per share. In addition, a placing of 838,812,272 new ordinary shares in the Company (the "Placing Shares") with institutional and other investors at 0.045p per share (the "Placing Price") to raise £0.38m was completed with admission to trading for these new shares taking place on 22 December 2021. The net proceeds of the Placing will be used to provide further working capital to support the Company's growth and enhance the Company's service offerings.

**21. Right of Use assets**

The Group has adopted IFRS 16 using the modified retrospective approach with the effect of applying this standard at the date of initial recognition of 18 February 2020, being the date DMSL was acquired into the group, resulting in the only lease within the group being applicable under IFRS 16.

The Group recognises a right-of-use asset and corresponding liability at the date at which a lease asset is made available for use by the Group, except short term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. Lease liabilities are initially measured at the present value of lease payments that are due over the lease term, discounted using the groups incremental borrowing rate of 10%. This is the rate the Group are likely to have to pay for a loan of a similar term and with similar security to obtain an asset of similar value.

In the year to 30 September 2020, the Group recognised the right-of-use asset and associated lease liability for the remaining period of the lease for the offices of DMSL. During the current year, the lease was renegotiated for a longer term and a reduced quarterly rental

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

	<b>Property</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>		
At 1 October 2020	111,766	111,766
Additions	130,231	130,231
<b>At 30 September 2021</b>	<b>241,997</b>	<b>241,997</b>
<b>Depreciation</b>		
At 1 October 2020	47,593	47,593
Charge for year	55,883	55,883
<b>At 30 September 2021</b>	<b>103,476</b>	<b>103,476</b>
<b>Net book value</b>		
<b>At 30 September 2021</b>	<b>138,521</b>	<b>138,521</b>
At 30 September 2020	64,173	64,173

The key impacts on the Statement of Comprehensive Income and the Statement of Financial Position are as follows:

	<b>Prepayments</b>	<b>Lease liability</b>	<b>Property</b>	<b>Income statement</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance on transition	5,692	-	-	-
Recognised on adoption of IFRS 16*	(5,692)	(106,074)	111,766	-
Depreciation	-	-	(47,593)	(47,593)
Interest	-	(7,794)	-	(7,794)
Lease payments	-	47,692	-	-
<b>Carrying value at 30 September 2020</b>	<b>-</b>	<b>(66,176)</b>	<b>64,173</b>	<b>(55,387)</b>
Recognised on recognition of renegotiated lease contract	-	(130,231)	130,231	-
Depreciation	-	-	(55,883)	(55,883)
Interest	-	(7,873)	-	(7,873)
Lease payments	-	55,941	-	-
<b>Carrying value at 30 September 2021</b>	<b>-</b>	<b>(148,339)</b>	<b>138,521</b>	<b>(63,756)</b>

\* As at 18 February 2020 the lease liability recognised £106,074 relating to the leasehold buildings used by DMS Holding 2017 Limited.

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

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

The maturity analysis of the lease liability is as follows:

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
Lease liability less than one year	<b>23,144</b>	52,517
Lease liability greater than one year and less than 5 years	<b>98,861</b>	13,659
Lease liability greater than 5 years	<b>26,334</b>	-
Total liability	<b>148,339</b>	66,176

Maturity analysis of contracted undiscounted cashflows is as follows:

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
Lease liability less than one year	<b>35,000</b>	56,000
Lease liability greater than one year and less than 5 years	<b>112,000</b>	14,000
Lease liability greater than 5 years	<b>63,000</b>	-
Total liability	<b>210,000</b>	70,000
Finance charges included above	<b>(61,661)</b>	(3,824)
	<b>148,339</b>	66,176



**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**22. Prior period adjustments**

The effect on Earnings per share at 30 September 2020 was a reduction from (0.09p) to (0.10p)

**Consolidated statement of financial position (restated)**

	2020 As previously reported £	Restatement £	2020 Restated £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible Assets	1,324,867	-	1,324,867
Tangible assets	37,380	-	37,380
Right of use assets	64,173	-	64,173
<b>Total Non-current assets</b>	<b>1,426,420</b>	<b>-</b>	<b>1,426,420</b>
<b>Current assets</b>			
Trade and other receivables	855,941	-	855,941
Cash and cash equivalents	568,533	-	568,533
<b>Total Current assets</b>	<b>1,424,474</b>	<b>-</b>	<b>1,424,474</b>
<b>Total assets</b>	<b>2,850,894</b>	<b>-</b>	<b>2,850,894</b>
<b>EQUITY and LIABILITIES</b>			
<b>Capital and reserves attributable to equity shareholders</b>			
Share capital	2,347,874	-	2,347,874
Share premium	6,027,272	-	6,027,272
Merger reserve	(25,813)	-	(25,813)
Share-based payment reserve	49,843	-	49,843
Accumulated deficit	(8,400,239)	(238,439)	(8,638,678)
<b>Total equity</b>	<b>(1,063)</b>	<b>(238,439)</b>	<b>(239,502)</b>
<b>Current liabilities</b>			
Trade and other payables	1,236,465	238,439	1,474,904
Lease liabilities	52,517	-	52,517
<b>Total current liabilities</b>	<b>1,288,982</b>	<b>238,439</b>	<b>1,527,421</b>
<b>Non-current liabilities</b>			
Financial liabilities - borrowings	1,549,316	-	1,549,316
Lease liabilities	13,659	-	13,659
<b>Total non-current liabilities</b>	<b>1,562,975</b>	<b>-</b>	<b>1,562,975</b>
<b>Total equity and liabilities</b>	<b>2,850,894</b>	<b>-</b>	<b>2,850,894</b>

The company balance sheet at 30 September 2020 was not restated.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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The prior year adjustment relates to the correction of an error in relation to the calculation of reseller commissions payable as at the end of the financial year resulting in the year end accrual balance being under accrued.

**23. Copies of the Annual Report**

Copies of the annual report will be available on the Company's website at [www.toople.com](http://www.toople.com) and from the Company's registered office.

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**Company statement of financial position**

	NOTE	2021 £	2020 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	5	<b>1,552,865</b>	1,552,865
<b>Current assets</b>			
Trade and other receivables	6	<b>33,562</b>	7,850,928
Cash and cash equivalents		<b>19,545</b>	266,810
Total Current assets		<b>53,107</b>	8,117,738
<b>Total assets</b>		<b>1,605,972</b>	9,670,603
<b>EQUITY and LIABILITIES</b>			
<b>Capital and reserves attributable to equity shareholders</b>			
Share capital	7	<b>2,822,451</b>	2,347,874
Share premium	7	<b>6,266,040</b>	6,027,272
Share-based payment reserve		<b>116,177</b>	49,843
Accumulated deficit		<b>(9,242,555)</b>	(457,694)
<b>Total equity</b>		<b>(37,887)</b>	7,967,295
<b>Current liabilities</b>			
Trade and other payables	8	<b>230,577</b>	443,992
<b>Non-current liabilities</b>			
Borrowings	8	<b>1,413,282</b>	1,259,316
<b>Total equity and liabilities</b>		<b>1,605,972</b>	9,670,603

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 profit / (loss) for the financial period was £8,784,861 (2020: £337,012).

*The notes (on pages 86 to 90) 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**  
25 February 2022  
Company Registration Number: 10037980

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**Company statement of changes in equity**

	Share capital £	Share premium £	Share Based Payment reserve £	Accumulate d deficit £	Total £
Brought forward at 1 October 2020	2,347,874	6,027,272	49,843	(457,694)	7,967,295
Profit for the year				(8,784,861)	(8,784,861)
Total comprehensive income for the year	-	-	-	(8,784,861)	(8,784,861)
<b>Transactions with owners</b>					
Share-based payment charge credited to equity	-	(22,420)	66,334	-	43,914
Issue of share capital net of share issue costs	474,577	261,188	-	-	735,765
<b>At 30 September 2021</b>	<b>2,822,451</b>	<b>6,266,040</b>	<b>116,177</b>	<b>(9,242,555)</b>	<b>(37,887)</b>

	Share capital £	Share premium £	Share Based Payment reserve £	Accumulated deficit £	Total £
<b>PRIOR PERIOD</b>					
Brought forward at 1 October 2019	762,774	5,412,561	255,099	(243,902)	6,186,532
Loss for the year				(337,012)	(337,012)
Total comprehensive loss for the year	-	-	-	(337,012)	(337,012)
<b>Transactions with owners</b>					
Share-based payment charge credited to equity	-	(42,730)	49,843	-	7,113
Share-based payment adjustment in respect of lapsed warrants	-	131,879	(255,099)	123,220	-
Issue of share capital net of share issue costs	1,585,100	525,562	-	-	2,110,662
<b>At 30 September 2020</b>	<b>2,347,874</b>	<b>6,027,272</b>	<b>49,843</b>	<b>(457,694)</b>	<b>7,967,295</b>

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 (on pages 86 to 90) to the parent company financial statements form an integral part of these financial statements.*

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**Company statement of cash flows**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Operating profit/(loss)	(8,630,893)	(255,900)
Share-based payment charge	43,914	7,113
<b>Changes in working capital</b>		
Decrease/(Increase) in receivables	7,817,364	(5,528)
(Decrease)/ increase in payables	(213,415)	311,177
<b>Net cash outflow from operating activities</b>	<b>(983,030)</b>	56,862
<b>Cash flows from financing activities</b>		
Long Term Debt financing	-	1,234,995
Loan issue costs	-	(65,795)
Proceeds from issues of shares	735,765	934,200
<b>Net cash from financing activities</b>	<b>735,765</b>	2,103,400
<b>Cash flows from investing activities</b>		
Purchase of subsidiary undertaking	-	(467,848)
Advances to subsidiaries	-	(1,793,517)
<b>Net cash from investing activities</b>	<b>-</b>	(2,631,365)
<b>Net increase in cash and cash equivalents</b>	<b>(247,264)</b>	(101,103)
Cash and cash equivalents at start of year	266,810	367,913
<b>Cash and cash equivalents at end of year</b>	<b>19,546</b>	266,810

*The notes (on pages 86 to 90) 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 accounting standards in conformity with the requirements of the Companies Act 2006 as adopted for use by the UK, 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.

For details of new standards and interpretations adopted during the financial year, as well as those not yet effective and not early adopted, please refer to Note 2b to the consolidated financial statements.

The principal accounting policies adopted by the Company are the same as those for the Group. Additional policies in respect of material items 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 undertakings and acts as an investment holding company. Management consider the significant accounting judgements, estimates and assumptions used within the financial statements to be:

#### ***Amounts due from subsidiary undertakings***

The Company acts as an investment holding company of the Group's subsidiary undertakings and is the entity listed on the London Stock Exchange. In execution of the Group's business plan, any funds raised from shareholders are advanced to the Group's subsidiary undertakings to enable them to execute their business plans approved by the Board. The Group is continuing to develop its business offering and still within its rapid growth of development and consequently its subsidiary undertakings require working capital funding which is advanced by the Company. As a result judgements are made in respect of the carrying value of both investments in and amounts due from subsidiary undertakings and whether these amounts should be impaired or provided for. Management consider that the intercompany balance with Toople.com and AskMerlin are potentially irrecoverable because of the refocus of the Group on the DMSL business. The recovery of these balances is dependent on new products and services being delivered to its

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

customers for which there is no certainty that these activities will generate sufficient positive cash flow to repay the outstanding balances. The Directors have therefore decided to provide against these debtors in full.

**3. Loss for the financial period**

Auditor's remuneration to Price Bailey LLP of £30,000 (2020: £31,300 PKF) 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:

	<b>2021</b>	<b>2020</b>
Directors and management	<b>4</b>	4

Staff costs during the period are borne by subsidiary entities.

**5. Investment in subsidiaries**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At 30 September	<b>1,552,865</b>	1,552,865

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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

<b>Name</b>	<b>Incorporated</b>	<b>Registered office</b>	<b>Activities</b>	<b>Capital</b>	<b>% held</b>
Toople.com Limited	England & Wales	Woodside 2, Dunmow Road, Birchanger, Bishop's Stortford, CM23 5RG	Provision of telecoms services	Ordinary shares	100%
Ask Merlin Limited	England & Wales	As above	Software dev't	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%
DMS Holding 2017 Limited	England & Wales	As above	Holding company	Ordinary shares	100%
Direct Market Services Limited	England & Wales	As above	Provision of telecoms services	Ordinary shares	100%
checkthatcompany.co.uk Limited	England & Wales	As above	Dormant	Ordinary shares	100%
Broadbandandphones Limited	England & Wales	As above	Dormant	Ordinary shares	100%
Ask Merlin Poland SP Zoo	Poland	Diamientowa 3 73-108 Morzyczyn	Software development	Ordinary shares	100%

DMS Holdings 2017 Limited and Ask Merlin Limited have not been audited as individual entities as Toople PLC has guaranteed its liabilities in accordance with Section 479A of the Companies Act 2006.

## 6. Other receivables

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
<b>Current</b>		
Amounts due from subsidiary undertakings	-	7,752,182
Other receivables	<b>33,562</b>	98,746
	<b>33,562</b>	7,850,928

## 7. Share capital

Details of the Company's share capital and equity instruments are set out in note 11 to the consolidated financial statements.



**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

**8. Trade and other payables**

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
<b>Current</b>		
Trade creditors	<b>81,792</b>	200,298
Social security and other taxes	<b>29,471</b>	20,482
Accruals and deferred income	<b>109,234</b>	212,365
Other creditors	<b>10,080</b>	10,847
	<b>230,577</b>	443,992
<b>Non – current liabilities</b>		
Borrowings	<b>1,413,282</b>	1,259,316

On 18 February 2020 the Company issued a loan note instrument constituting zero coupon secured loan notes for a face value of £1,625,000 with a maturity date of 31 December 2022. The Loan Note Instrument contains customary warranties, financial and other covenants and events of default. The Loan Note Instrument also contains information rights and board observer rights for the noteholders. The loan notes constituted under the Loan Note Instrument are repayable on the maturity date or in the event of the occurrence of an event of default. The loan notes constituted under the Loan Note Instrument are secured by a debenture over the assets of the Group. Costs associated with the issue of the loan note amounting to £65,795 are being amortised over the life of the loan note.

**9. Related party disclosures**

The Company received management fees from wholly owned subsidiaries of £773,439 (2020: £518,103). At 30 September 2021 the amounts owing by subsidiary undertakings was £8,870,947 which has been provided for in full. 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 14 to the consolidated financial statements.

**10. 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:

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	<b>19,546</b>	266,810
Trade and other receivables	-	7,850,928
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	<b>201,106</b>	424,140
Borrowings	<b>1,413,282</b>	1,259,316

**Toople Plc**  
**Annual Report & Accounts**  
**For the Year Ended 30 September 2021**

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Details of the Company's exposure to risk can be found in note 16 to the consolidated financial statements.