

**SMART421 LIMITED**

**Annual Report and Financial Statements**

**for the year ended 31 March 2019**

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# **SMART421 LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

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# **SMART421 LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

W Halbert (resigned 29 November 2018)  
G Sutherland (appointed 15 October 2018, resigned 22 October 2019)  
A Bielby (appointed 15 October 2018)  
D Raneberg (appointed 14 November 2019)

### **COMPANY SECRETARY**

S Jones (appointed 5 November 2018)  
K Smith (resigned 21 August 2018)

### **REGISTERED OFFICE**

37 Carr Lane  
Hull  
HU1 3RE

### **BANKERS**

Royal Bank of Scotland  
3rd Floor,  
2 Whitehall Quay  
Leeds  
LS1 4HR

## **SMART421 LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019**

The directors present the annual report and the audited financial statements of the company for the year ended 31 March 2019. This report has been presented in accordance with the special provisions relating to small companies within section 414B and 415A of the Companies Act 2006.

#### **FUTURE DEVELOPMENTS**

The company did not trade in the current year and is not expected to trade in the foreseeable future. During the prior year the company recognised a loss of £21,584,000 due to the waiver of intercompany balances as part of the group wide restructuring of statutory entities.

#### **DIVIDENDS**

The company has paid no ordinary dividends (2018: £Nil) during the year. The directors do not recommend the payment of a final dividend (2018: £Nil).

#### **FINANCIAL RISK MANAGEMENT**

The directors do not consider that the company is subject to any financial risks requiring disclosure.

#### **EMPLOYEES**

The company has no employees.

#### **DIRECTORS**

The directors who served during the year and up to the date of signing the financial statements are listed on page 1.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Approved by the board and signed on its behalf



A Bielby  
Director

26 November 2019

**SMART421 LIMITED**  
**INCOME STATEMENT**  
**For the year ended 31 March 2019**

	Note	2019 £'000	2018 £'000
Other operating expenses	2	-	(21,584)
<b>Result/(loss) before taxation</b>		-	(21,584)
Taxation	3	-	-
<b>Result/(loss) for the financial year</b>		-	(21,584))
<b>Analysed as:</b>			
Exceptional items	4	-	(21,584)

There is no other comprehensive income for the year.

The notes on pages 6 to 9 are an integral part of these financial statements.

Smart421 Limited

Company Registration No. 3908235

**SMART421 LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2019**

	Note	2019 £'000	2018 £'000
<b>Current assets</b>			
Trade and other receivables	5	-	-
		-	-
<b>Net assets</b>		-	-
<b>Equity</b>			
Called up share capital	6	-	-
Other reserves		-	-
Retained earnings		-	-
<b>Total shareholders' funds</b>		-	-

For the year ending 31 March 2019 the Company was entitled to exemption from audit under Section 480 of the Companies Act 2006 relating to small companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 6 to 9 are an integral part of these financial statements.

The financial statements on pages 3 to 9 were approved by the Board of Directors and authorised for issue on 26 November 2019. They were signed on its behalf by:



A Bielby  
Director

Smart421 Limited

Company Registration No. 3908235

**SMART421 LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 March 2019**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total shareholders' funds £'000</b>
<b>At 1 April 2017</b>	-	<b>21,584</b>	<b>21,584</b>
Loss for the financial year	-	(21,584)	(21,584)
<b>Total comprehensive expense for the year</b>	-	<b>(21,584)</b>	<b>(21,584)</b>
<b>At 31 March 2018</b>	-	-	-
Result for the financial year	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-
<b>At 31 March 2019</b>	-	-	-

The notes on pages 6 to 9 are an integral part of these financial statements.

**SMART421 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2019**

**1. ACCOUNTING POLICIES**

Smart421 Limited is a private company limited by shares. Smart421 Limited is incorporated and domiciled in England in the United Kingdom. The registered office is 37 Carr Lane, Hull, HU1 3RE.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

**Basis of accounting**

The accounts have been prepared on a basis other than a going concern as the company does not trade. The company is dormant and will remain dormant until a decision is made about the future of the company.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act) as appropriate to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The company is a qualifying entity for the purposes of FRS 101. Note 7 gives details of the company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The disclosure exemptions adopted by the company in accordance with FRS 101 are as follows:

- a) Statement of cash flows
- b) Capital risk management
- c) Related party transactions
- d) Share options
- e) Accounting policies issued but not yet effective
- f) Financial instruments

The financial statements have been prepared under the historical cost convention modified by the valuation of derivative financial statements. A summary of the more important accounting policies is set out below.

**Critical accounting judgements and estimates**

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the 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.

Critical accounting estimates are consistent with those disclosed in the group accounts.

**New and amended standards adopted by the company**

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 April 2017 that have had a material impact on the company.

**Trade receivables**

Trade receivables are recognised initially at fair value and measured subsequently at amortised cost, using the effective interest method, less any impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.



**SMART421 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Trade receivables (continued)**

The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts written off are credited against operating expenses in the income statement.

**Share capital**

Ordinary shares are classified as equity.

**Exceptional items**

Exceptional items are presented whenever significant expenses are incurred or income is received as a result of events considered to be outside the normal course of business, where the unusual nature and expected frequency merits separate presentation to assist comparisons with previous periods. Items which are always classified as exceptional are:

- Regulatory matters;
- Termination costs of Executive Directors; and
- Intercompany loan waivers and impairment of investments in subsidiaries arising as a result of Group restructuring of statutory entities.

Restructuring and transformational costs are considered on a case by case basis as to whether they meet the exceptional criteria. Other items are considered against the exceptional criteria based on the specific circumstances. The presentation is consistent with the way financial performance is measured by management and reported to the Board

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. The tax payable is currently based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and/or items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Prior year adjustment to current and deferred taxes are recognised if the estimated tax position differs from the final tax position subsequently agreed with the taxation authority

**2. OTHER OPERATING EXPENSES**

	2019 £'000	2018 £'000
Waiver of intercompany loans	-	(21,584)

Fees payable to the Company's auditors with respect to the statutory audit of the financial statements and directors emoluments have been borne by a fellow Group company.

**3. TAXATION**

The charge based on the result/(loss) before taxation for the year comprises:

	2019 £'000	2018 £'000
<b>UK corporation tax:</b>		
- current tax on result/(loss) for the year	-	-
<b>Total current tax</b>	-	-
<b>UK deferred tax:</b>		
Origination and reversal of temporary differences in respect of:		
- result/(loss) for the year	-	-
<b>Total deferred tax</b>	-	-
<b>Total taxation charge for the year</b>	-	-

**SMART421 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2019**

**3. TAXATION (CONTINUED)**

Factors affecting tax charge for the year:

	2019 £'000	2018 £'000
<b>Result/(loss) before taxation</b>	-	(21,584)
<b>Result/(loss) before taxation at the standard rate of corporation tax in the UK of 19% (2018: 19%)</b>	-	(4,101)
Effects of:		
– non-taxable impairment of long term intercompany balances	-	4,101
<b>Total taxation charge for the year</b>	-	-

**Factors affecting the current and future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from April 2018 and to 17% from April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**4. EXCEPTIONAL ITEMS**

	2019 £'000	2018 £'000
<b>Waiver of intercompany loans</b>	-	(21,584)

On 31 March 2018, as part of the group wide restructuring of statutory entities, the Company waived its intercompany receivable from KCOM Holdings Limited of £21,584,000.

**5. TRADE AND OTHER RECEIVABLES**

	2019 £'000	2018 £'000
<b>Amounts owed by group undertakings</b>	-	-

Amounts owed by group undertakings were waived on 31 March 2018 as part of the group wide restructuring of statutory entities.

**6. CALLED UP SHARE CAPITAL**

	2019 £'000	2018 £'000
<b>Allotted and fully paid</b>		
2,000,001 (2018: 2,000,001) ordinary shares of £0.00001 (2018: £0.00001) each	-	-

**7. PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking is Smart421 Technology Group Limited. Copies of financial statements can be obtained from 37 Carr Lane, Hull, HU1 3RE.

As at 31 March 2019, the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is KCOM Group Limited (formerly KCOM Group PLC), registered in England and Wales. Copies of KCOM Group Limited (formerly KCOM Group PLC)'s annual report and financial statements can be obtained from 37 Carr Lane, Hull, HU1 3RE.

Following the acquisition of KCOM Group Limited (formerly KCOM Group PLC) as detailed in Note 7, the company's ultimate parent and controlling party is Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited), registered in Luxembourg.

**SMART421 LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2019**

**8. SUBSEQUENT EVENTS**

On 30 July 2019, MEIF 6 Fibre Limited, a wholly-owned indirect subsidiary of Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited), obtained Court approval for their offer to obtain 100% of the ordinary share capital of KCOM Group limited (formerly KCOM Group PLC) via a Scheme of Arrangement. It became effective on 1 August 2019 and KCOM Group Limited (formerly KCOM Group PLC) was de-listed from the premium list of the London Stock Exchange on 2 August 2019.