Company Registration No. 3933127

SMARTINTEGRATOR TECHNOLOGY LIMITED

Annual Report and Financial Statements

for the year ended 31 March 2019

CONTENTS

SMARTINTEGRATOR TECHNOLOGY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Austin
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

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

REGISTERED OFFICE

37 Carr Lane
Hull
HU1 3RE

BANKERS

Lloyds Bank
49 Howardsgate
Welwyn Garden City
AL8 6BA

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

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Embankment Place
London
WC2N 6RH

SMARTINTEGRATOR TECHNOLOGY LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their 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.

PRINCIPAL ACTIVITIES
The principal activity of the company during the year continues to be the development, licensing and support of systems integration software. SmartIntegrator Technology Limited is a joint venture between KCH (Holdings) Limited and one of the Directors, D Austin. The company is incorporated and domiciled in the UK.

RESULTS AND DIVIDENDS
The profit for the financial year amounts to £21,000 (2018: £19,000). The Directors have paid ordinary dividends of £Nil (2018: £21,000) during the year.

REVIEW OF THE BUSINESS
All of the company's key existing contracts were maintained at broadly constant levels during the year.

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 Annual 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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS
In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS
A resolution has been passed to maintain PricewaterhouseCoopers LLP as auditors until such time as the Board decides otherwise.

Financial statements on pages 5 to 12 were approved by the board and signed on its behalf

A Bielby
Director
26 November 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMARTINTEGRATOR TECHNOLOGY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Smartintegrator Technology Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMARTINTEGRATOR TECHNOLOGY LIMITED

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities set out on page 2, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Stuart Newman

Stuart Newman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 November 2019

SMARTINTEGRATOR TECHNOLOGY LIMITED
INCOME STATEMENT
For the year ended 31 March 2019

	Note	**2019 £'000**	2018 £'000
Revenue	2	**204**	193
Other operating expenses	3	**(178)**	(169)
Profit before taxation		**26**	24
Tax on profit	5	**(5)**	(5)
Profit for the financial year		**21**	19

There is no other comprehensive income for the year.

The notes on pages 8 to 12 are an integral part of these financial statements.

SMARTINTEGRATOR TECHNOLOGY LIMITED
BALANCE SHEET
As at 31 March 2019

	Note	2019 £'000	2018 £'000
Current assets			
Trade and other receivables	7	**11**	2
Cash and cash equivalents		**226**	191
		237	193
Creditors: amounts falling due within one year	8	**(166)**	(143)
Net assets		**71**	50
Equity			
Called up share capital	9	**10**	10
Retained earnings		**61**	40
Total shareholders' funds		**71**	50

The notes on pages 8 to 12 are an integral part of these financial statements.

The financial statements on pages 5 to 12 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

Smartintegrator Technology Limited **Company Registration No. 3933127**

SMARTINTEGRATOR TECHNOLOGY LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019

	Note	Called up share capital £'000	Retained earnings £'000	Total shareholders' funds £'000
At 1 April 2017		**10**	**42**	**52**
Profit for the financial year		-	19	19
Total comprehensive income for the year		**-**	**19**	**19**
Dividends	6	-	(21)	(21)
Total transactions with owners, recognised directly in equity		**-**	**(21)**	**(21)**
At 31 March 2018		**10**	**40**	**50**
Profit for the financial year		-	21	21
Total comprehensive income for the year		**-**	**21**	**21**
At 31 March 2019		**10**	**61**	**71**

The notes on pages 8 to 12 are an integral part of these financial statements.

1. ACCOUNTING POLICIES

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

The principal activity of the company during the year continues to be the development, licensing and support of systems integration software.

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

Basis of accounting
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 FRS101. 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 11 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) Accounting policies issued but not yet effective
d) Financial instruments

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

Critical accounting 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.

New and amended standards adopted by the company
There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 April 2018 that have had a material impact on the company.

Going concern
The Company meets its day-to-day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquires, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are initially recognised at the amount of consideration that is unconditional. We do not have any material significant financing components. The Company holds trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

1. ACCOUNTING POLICIES (CONTINUED)

Trade receivables (continued)

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- a breach of contract such as default or delinquency in payments.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off against the provision when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, this is done on a case by case basis. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due. Any subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet, unless a right of offset exists.

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

Share capital
Ordinary shares are classified as equity.

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.

Revenue recognition
Revenue excludes value added tax and comprises the value of services provided. Revenue is recognised in the company's income statement over time as the performance obligation is satisfied.

2. REVENUE

Revenue is attributable to the principal continuing activity of the company of providing development, licensing and support of systems integration software, and is generated wholly within the UK.

3. OTHER OPERATING EXPENSES

Other operating expenses relate to:

	2019	2018
	£'000	£'000
Software support charges	**178**	169
Total	**178**	169

Certain fees for audit services have been borne by another group company, KCOM Holdings Limited. It is not practicable to ascertain what proportion of such fees relates to the company.

4. EMPLOYEES AND DIRECTORS' EMOLUMENTS

The company does not have employees (2018: Nil). As such, no salaries or wages have been paid, including to the Directors, during the year.

During the year, Mr W Halbert, Mr G Sutherland and Ms A Bielby were the Directors of KCOM Group Limited (formerly KCOM Group PLC), and fellow subsidiary companies. It is not practicable to ascertain the proportion of emoluments that specifically relate to the Company. Aggregate emoluments paid to the Directors of KCOM Group Limited (formerly KCOM Group PLC) who were also Directors of the Company were as follows:

	2019	2018
	£'000	£'000
Aggregate emoluments	**668**	646
Aggregate retirement benefits	**118**	66
Total	**786**	712

Retirement benefits were received either as cash or as contributions to the Defined Contribution pension scheme. None of the Directors have any prospective entitlement to defined benefits or cash balance benefits in respect of qualifying services. No amounts were received in either the current or the prior year with respect to long term incentive schemes.

The highest paid Director's emoluments were as follows:

	2019	2018
	£'000	£'000
Emoluments	**281**	646
Retirement benefits	**44**	66
Total	**325**	712

D Austin received total emoluments of £Nil (2018: £Nil) from KCOM Group Limited (formerly KCOM Group PLC).

5. TAX ON PROFIT

The charge based on the profit for the year comprises:

	2019	2018
	£'000	£'000
UK corporation tax:		
– current tax on profits for the year	**5**	5
Total taxation charge for the year	**5**	5

Factors affecting tax charge for the year:

	2019	2018
	£'000	£'000
Profit before taxation	**26**	24
Profit before taxation at the standard rate of corporation tax in the UK of 19% (2018: 19%)	**5**	5
Effects of:		
– expenses not deductible for tax purposes	**-**	-
Total taxation charge for the year	**5**	5

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.

6. DIVIDENDS

Equity dividends on ordinary shares	2019 £'000	2018 £'000
Final dividend for the year ended 31 March 2017 of £2.10 per share	-	21
	-	21

During the year dividends were paid to KCH (Holdings) Limited of £Nil (2018: £10,502) and to one of the Directors, Mr D Austin, of £Nil (2018: £10,498).

7. TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Amounts owed by related parties	11	2
	11	2

Amounts owed by related parties within one year were unsecured, had no fixed date of repayment, bore no interest and were repayable on demand.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	2	4
Amounts owed to related parties	55	55
Group relief creditor	84	79
Accruals and deferred income	11	1
Other payables	14	4
	166	143

Amounts owed to related parties within one year were unsecured, had no fixed date of repayment, bore no interest and were repayable on demand.

9. CALLED UP SHARE CAPITAL

Allotted and fully paid	2019 £'000	2018 £'000
10,000 (2018: 10,000) shares of £1 each	10	10

10. RELATED PARTY TRANSACTIONS

During the year the company sold £199,437 (2018: £188,100) of software support services to KCOM Holdings Limited, a subsidiary of KCH (Holdings) Limited which is a 50% shareholder in SmartIntegrator Technology Limited. The amount outstanding in relation to these sales at the year-end was £29,752 (2018: £20,710).

During the year the company purchased £178,443 (2018: £168,300) of software support services from Synergy Computing Limited, a company controlled by D Austin who is a 50% shareholder in SmartIntegrator Technology Limited. The amount outstanding in relation to these purchases at the year-end was £12,633 (2018: £4,200).

11. PARENT UNDERTAKING AND CONTROLLING PARTY

Following the acquisition of KCOM Group Limited (formerly KCOM Group PLC), the Directors consider Macquarie European Infrastructure Fund 6 SCSp (an investment fund managed by Macquarie Infrastructure and Real Assets (Europe) Limited), registered in Luxembourg and D Austin to be the company's joint ultimate controlling parties. Further details regarding the acquisition of KCOM Group Limited (formerly KCOM Group PLC) are provided in Note 12.

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.

12. 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.