

Registered number: 05470659

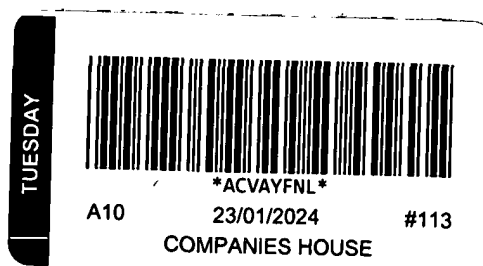
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WIGHTFIBRE LIMITED

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ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023



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WIGHTFIBRE LIMITED

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COMPANY INFORMATION

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Directors	J K Harraway J Irvine N G Macke B N A Robertson
Company secretary	A J Deering
Registered number	05470659
Registered office	56 Love Lane Cowes Isle of Wight PO31 7EU
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 4th Floor Cumberland House 15-17 Cumberland Place Southampton Hampshire SO15 2BG

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WIGHTFIBRE LIMITED

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## WIGHTFIBRE LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### Introduction

The directors present their Strategic Report for the Company for the year ended 30 September 2023.

#### Principal activity

WightFibre Limited is a provider of the Isle of Wight's first full-fibre telecom network providing ultrafast broadband to homes and businesses across the island. Our aim is to create the UK's first "Gigabit Island" built with a network architecture capable of delivering some of the fastest broadband speeds in the world making the Isle of Wight one of the "best connected" places on the planet. This will set the island apart as a great place to work, live and play.

#### Business review and future developments

Revenue for the period was £5,427,849 (2022 - £4,332,774), losses were £15,278,648 (2022 - £4,818,374) and net liabilities at 30 September 2023 were £37,694,538 (2022 - £22,415,890).

At the end of September 2023, the Full Fibre Network covered c.80% of the Premises on the Island. Rate of customer acquisition is running ahead of plan as the Company's local brand recognition and reputation for exceptional customer service grows.

Through the period, the Company has used part of the external funding of up to £50m from NatWest secured in May 2020, to support the rollout of the full-fibre network and near-term loss-making operations.

#### Principal risks and uncertainties

The risks and uncertainties faced by the Company are those inherent to the rollout, operation and trading performance of the new Network and are primarily:

##### Operational risks:

- Availability of contractors/contractor resource to deliver the Network;
- Health and Safety management;
- Increased cost due to market conditions; and
- Permits and wayleaves being granted for the project, however these risks are largely mitigated with over 80% of the planned rollout now completed.

##### Market risks:

- Already anticipated competition from BT Openreach and their wholesale partners on part of the network only; and
- Ongoing price competition as national players seek to defend existing or expand current market shares for Broadband.

##### Financial risks:

- Failure to deliver the projected cost per unit of a home passed increasing the costs of the build, although the Company has demonstrated that its CPPP remains in line with past budgets and business plans; and
- Ongoing losses and access to funding, which is dependent on our operational & financial performance.

The Company uses the budget process and monthly board reporting to identify and then mitigate risks as early as possible.

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WIGHTFIBRE LIMITED

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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Key performance indicators (KPIs)

The Company uses the following KPIs: EBITDA is used as an operational measure to manage the cash and underlying Profit and Loss position of the business:

	2023	2022
	£	£
Operating loss	(6,135,325)	(5,134,945)
less depreciation	4,041,481	2,584,479
less other adjustments	180,759	223,318
<b>EBITDA</b>	<b>(1,913,085)</b>	<b>(2,327,148)</b>

In addition to this, measures including rollout volumes, cost per premises passed, volumes of customers acquired and the value of customers to the Company are used to assess the progress of the business.

This report was approved by the board and signed on its behalf.



J Irvine  
Director

Date: 17/01/2024

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WIGHTFIBRE LIMITED

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DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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The directors present their report and the financial statements for the year ended 30 September 2023.

**Results and dividends**

The loss for the year, after taxation, amounted to £15,278,648 (2022 - £4,818,374).

No dividends were paid or proposed in the year (2022 - £Nil).

**Directors**

The directors who served during the year were:

J K Harraway  
J Irvine  
N G Macke  
B N A Robertson

**Disclosure of information to auditor**

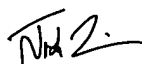
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



J Irvine  
Director

Date: 17/01/2024

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## WIGHTFIBRE LIMITED

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023

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The directors are responsible for preparing the Strategic Report, 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- 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 to 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 directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIGHTFIBRE LIMITED

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### Opinion

We have audited the financial statements of Wightfibre Limited (the 'Company') for the year ended 30 September 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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



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## WIGHTFIBRE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIGHTFIBRE LIMITED (CONTINUED)

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#### Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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, 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

#### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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.

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## WIGHTFIBRE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIGHTFIBRE LIMITED (CONTINUED)

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#### **Auditor's responsibilities for the audit of the financial statements**

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

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 obtained a general understanding of the Company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with the framework through:

- Outsourcing accounts preparation and tax compliance to external experts;
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary; and
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Company's ability to conduct its business, and where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

The areas identified in this discussion were:

- Inappropriate capitalisation of expenditure;
- Useful economic life of fixed assets, as this is an estimate made by management; and
- Manipulation of the financial statements, especially revenue, via fraudulent journal entries.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Challenging management regarding the assumptions used in the estimates identified above, and comparison to market data and post-year-end data as appropriate;
- Substantive work on fixed asset additions and material areas affecting profits; and
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts, revenue and those posted at unusual times.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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WIGHTFIBRE LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIGHTFIBRE LIMITED (CONTINUED)

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**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.

CLA Evelyn Partners Limited  
CLA Evelyn Partners Limited (Jan 18, 2024 14:12 GMT)

Julie Mutton (Senior Statutory Auditor)

for and on behalf of  
**CLA Evelyn Partners Limited**

Chartered Accountants  
Statutory Auditor

4th Floor Cumberland House  
15-17 Cumberland Place  
Southampton  
Hampshire  
SO15 2BG

Date: 18/01/2024

WIGHTFIBRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 £	2022 £
Turnover	4	5,427,849	4,332,774
Cost of sales		(1,407,809)	(1,254,918)
<b>Gross profit</b>		<b>4,020,040</b>	<b>3,077,856</b>
Administrative expenses		(10,155,365)	(8,212,801)
<b>Operating loss</b>	5	<b>(6,135,325)</b>	<b>(5,134,945)</b>
Interest receivable and similar income	9	35,512	1,141
Interest payable and similar expenses	10	(7,722,076)	(5,109,781)
Fair value movements	11	(1,456,759)	5,425,211
<b>Loss before tax</b>		<b>(15,278,648)</b>	<b>(4,818,374)</b>
Tax on loss	12	-	-
<b>Loss for the financial year</b>		<b>(15,278,648)</b>	<b>(4,818,374)</b>

There was no other comprehensive income for 2023 (2022 - £Nil).

The notes on pages 13 to 27 form part of these financial statements.

WIGHTFIBRE LIMITED  
REGISTERED NUMBER:05470659

BALANCE SHEET  
AS AT 30 SEPTEMBER 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	13	68,846,111	52,445,105
		<u>68,846,111</u>	<u>52,445,105</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	14	5,119,669	6,576,428
Debtors: amounts falling due within one year	14	1,916,065	1,930,280
Cash at bank and in hand		1,256,089	2,331,983
		<u>8,291,823</u>	<u>10,838,691</u>
Creditors: amounts falling due within one year	15	(2,449,549)	(2,972,976)
<b>Net current assets</b>		<u>5,842,274</u>	<u>7,865,715</u>
<b>Total assets less current liabilities</b>		<u>74,688,385</u>	<u>60,310,820</u>
Creditors: amounts falling due after more than one year	16	(112,382,923)	(82,726,710)
<b>Net liabilities</b>		<u>(37,694,538)</u>	<u>(22,415,890)</u>
<b>Capital and reserves</b>			
Called up share capital	18	1,524,390	1,524,390
Share premium account	19	680,488	680,488
Profit and loss account	19	(39,899,416)	(24,620,768)
<b>Shareholders' deficit</b>		<u>(37,694,538)</u>	<u>(22,415,890)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



J Irvine  
Director

Date: 17/01/2024

The notes on pages 13 to 27 form part of these financial statements.

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WIGHTFIBRE LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 October 2021	1,524,390	680,488	(19,802,394)	(17,597,516)
Comprehensive loss for the year				
Loss for the year	-	-	(4,818,374)	(4,818,374)
At 1 October 2022	1,524,390	680,488	(24,620,768)	(22,415,890)
Comprehensive loss for the year				
Loss for the year	-	-	(15,278,648)	(15,278,648)
At 30 September 2023	1,524,390	680,488	(39,899,416)	(37,694,538)

WIGHTFIBRE LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023 £	2022 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(15,278,648)	(4,818,374)
<b>Adjustments for:</b>		
Depreciation of tangible assets	4,040,849	2,584,475
Interest payable	7,722,076	5,109,781
Interest received	(35,512)	(1,141)
Decrease/(increase) in debtors	14,215	(1,027,037)
Decrease in creditors	(323,310)	(686,535)
Fair value movement on interest rate swap	1,456,759	(5,425,211)
Loan amortised cost adjustment	-	274,064
<b>Net cash generated used in operating activities</b>	<b>(2,403,571)</b>	<b>(3,989,978)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(20,641,972)	(19,077,176)
Interest received	35,512	1,141
<b>Net cash used in investing activities</b>	<b>(20,606,460)</b>	<b>(19,076,035)</b>
<b>Cash flows from financing activities</b>		
New secured loans	4,100,000	19,665,000
Interest paid including swaps	(2,165,863)	(1,242,228)
Loans from group undertakings	20,000,000	4,000,000
<b>Net cash generated from financing activities</b>	<b>21,934,137</b>	<b>22,422,772</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,075,894)</b>	<b>(643,241)</b>
Cash and cash equivalents at beginning of year	2,331,983	2,975,224
<b>Cash and cash equivalents at the end of year</b>	<b>1,256,089</b>	<b>2,331,983</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,256,089	2,331,983

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## WIGHTFIBRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 1. General information

Wightfibre Limited is a private limited company, limited by shares, registered in England and Wales (registered number: 05470659). The registered office address is 56 Love Lane, Cowes, Isle of Wight, PO31 7EU.

The Company's functional and presentational currency is GBP.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of George Digital UK 1 Limited as at 30 September 2023 and these financial statements may be obtained from Companies House.



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## WIGHTFIBRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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## 2. Accounting policies (continued)

### 2.3 Going concern

The Company made a loss during the year of £15,278,648 (2022 - £4,818,374). During 2022 the Company benefited from a market-to-market gain on interest rate swaps of £5.4m, whilst in 2023 there was a reduction in fair value of £1.5m. Without these fair value movements the current year loss would have been £13,821,889 (2022 - £10,243,585). At the balance sheet date the Company had net liabilities of £37,694,538 (2022 - £22,415,890).

During FY22/23, loan note funding in the Company's parent undertaking, which is available to the Company, was extended by £22.9m and this was partly utilised in the year. Furthermore, bank funding of up to £50m was secured in FY19/20, part of which has been utilised in the year to further support the Company's expansion.

In order to assess the Company's status as a going concern, the directors assessed the Company's ability to fund its business for 12 months from the signing of these accounts under a range of scenarios. As part of this process the directors reviewed the key factors relevant to the Company's viability as a going concern and prepared cashflow forecasts to consider the Company's programme to extend the network across the Isle of Wight.

The directors have concluded that there are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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## WIGHTFIBRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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## 2. Accounting policies (continued)

### 2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 7%
Plant and equipment	- 5 - 40%
Motor vehicles	- 25%
Fixtures and fittings	- 10 - 25%
Other fixed assets	- 25%
Computer equipment	- 20%
Assets under construction	- 0%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction comprise technology that is installed for consumers for the use of broadband technology. These items are not depreciated until the date they are installed. At this point the assets are transferred into the relevant category and are depreciated over the appropriate useful life.

### 2.8 Pensions

#### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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## WIGHTFIBRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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## 2. Accounting policies (continued)

### 2.9 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

### 2.10 Interest rate swaps

The Company has entered into a Rollercoaster Fixed Interest Swap with NatWest Bank Plc as a hedge against adverse interest rate movements, for up to 7 years. The value of the swap is held at fair value within debtors/creditors with the fair value movement included in profit or loss. The valuation has been calculated using market prices.

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WIGHTFIBRE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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## WIGHTFIBRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made.

The directors consider that the following estimates have had the most significant effect on amounts recognised in the financial statements:

##### **Tangible fixed assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### **Valuation of swap**

The valuation of the interest rate swaps held by the Company is based on factors including current interest rates and the time remaining until the contract matures.

#### 4. Turnover

The whole of the turnover is attributable to the Company's principal activity.

All turnover arose within the United Kingdom.

#### 5. Operating loss

The operating loss is stated after charging/(crediting):

	2023	2022
	£	£
Exchange differences	(3,177)	31,653
Operating lease rentals	169,948	116,909

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	38,388	27,475

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent company.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2023 £	As restated 2022 £
Wages and salaries	4,619,165	3,944,033
Social security costs	495,991	429,656
Cost of defined contribution scheme	189,751	118,570
	<u>5,304,907</u>	<u>4,492,259</u>

Included in the above are staff costs capitalised of £1,324,394 (2022 - £1,078,899).

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Employees	<u>106</u>	<u>96</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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**8. Directors' remuneration**

	2023 £	2022 £
Directors' emoluments	313,540	320,950
Company contributions to defined contribution pension schemes	2,201	2,201
	<u>315,741</u>	<u>323,151</u>

During the year retirement benefits were accruing to 1 director (2022 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £289,100 (2022 - £300,619).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,201 (2022 - £2,201).

**9. Interest receivable and similar income**

	2023 £	2022 £
Interest receivable	<u>35,512</u>	<u>1,141</u>

**10. Interest payable and similar expenses**

	2023 £	2022 £
Bank interest payable	2,331,535	1,360,422
Loans from group undertakings	5,390,541	3,749,359
	<u>7,722,076</u>	<u>5,109,781</u>

**11. Fair value movements**

	2023 £	2022 £
Fair value movements on interest rate swaps	<u>(1,456,759)</u>	<u>5,425,211</u>



WIGHTFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

12. Taxation

	2023 £	2022 £
Current tax on losses for the year	-	-
Taxation on loss on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 22.01% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Loss on ordinary activities before tax	(15,278,648)	(4,818,374)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.01% (2022 - 19%)	(3,362,558)	(915,491)
Effects of:		
Fixed asset differences	(280,667)	(1,118,687)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,251,511	591,343
Other permanent differences	2,583	1,331
Remeasurement of deferred tax for changes in tax rates	(324,776)	(455,212)
Deferred tax not recognised	2,713,907	1,896,716
Total tax charge for the year	-	-

Factors that may affect future tax charges

Finance Act 2021 included legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The effects of this increase are reflected in the above. There were no factors that may affect future tax charges.

WIGHTFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

13. Tangible fixed assets

	Short-term leasehold property £	Plant and equipment £	Motor vehicles £	Fixtures and fittings £	Other fixed assets £	Computer equipment £	Assets under construction £	Total £
<b>Cost</b>								
At 1 October 2022	11,501	35,280,303	124,248	327,070	313,069	528,656	24,271,536	60,856,383
Additions	-	18,996,416	-	136,076	-	74,242	1,235,121	20,441,855
Disposals	-	(1,187,535)	(15,354)	-	-	-	-	(1,202,889)
Transfers between classes	-	5,745,155	-	-	-	-	(5,745,155)	-
At 30 September 2023	11,501	58,834,339	108,894	463,146	313,069	602,898	19,761,502	80,095,349
<b>Depreciation</b>								
At 1 October 2022	3,605	7,465,395	105,557	196,349	304,068	336,304	-	8,411,278
Charge for the year	759	3,874,110	18,691	59,788	5,601	81,900	-	4,040,849
Disposals	-	(1,187,535)	(15,354)	-	-	-	-	(1,202,889)
At 30 September 2023	4,364	10,151,970	108,894	256,137	309,669	418,204	-	11,249,238
<b>Net book value</b>								
At 30 September 2023	7,137	48,682,369	-	207,009	3,400	184,694	19,761,502	68,846,111
At 30 September 2022	7,896	27,814,908	18,691	130,721	9,001	192,352	24,271,536	52,445,105

WIGHTFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

14. Debtors

	2023 £	2022 £
<b>Due after more than one year</b>		
Interest rate swap	5,119,669	6,576,428
	<u>5,119,669</u>	<u>6,576,428</u>
<b>Due within one year</b>		
Trade debtors	612,056	484,328
Amounts owed by group undertakings	-	32,905
Other debtors	743,251	758,399
Prepayments and accrued income	560,758	654,648
	<u>1,916,065</u>	<u>1,930,280</u>

15. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	858,851	1,135,108
Other taxation and social security	144,338	121,945
Other creditors	72,514	107,694
Accruals and deferred income	1,373,846	1,608,229
	<u>2,449,549</u>	<u>2,972,976</u>

16. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Bank loans	44,073,617	39,837,345
Amounts owed to group undertakings	62,624,363	38,979,005
Accruals and deferred income	5,684,943	3,910,360
	<u>112,382,923</u>	<u>82,726,710</u>

Bank loans are secured against the assets of the Company. The bank loan is repayable in 2027, interest is charged on the balance at SONIA+ the specified margin.

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WIGHTFIBRE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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17. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due 2-5 years		
Bank loans	<u>44,073,617</u>	<u>39,837,345</u>

18. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
1,524,390 Ordinary shares of £1.00 each	<u>1,524,390</u>	<u>1,524,390</u>

Each share has full rights in the Company with respect to voting, dividends and distributions.

19. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

20. Capital commitments

At 30 September the Company had capital commitments as follows:

	2023 £	2022 £
Contracted for but not provided in these financial statements	<u>2,667,891</u>	<u>14,149,889</u>

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WIGHTFIBRE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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**21. Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable to the Company to the fund and amounted to £189,751 (2022 - £118,570). Contributions totalling £23,335 (2022 - £18,151) were payable to the fund at the balance sheet date and are included in creditors.

**22. Commitments under operating leases**

At 30 September the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	104,967	132,183
Later than 1 year and not later than 5 years	321,569	307,170
Later than 5 years	268,000	289,380
	<u>694,536</u>	<u>728,733</u>

**23. Related party transactions**

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

During the year, the Company had transactions of £346,137 (2022 - £Nil) from a company under common control. There were no balances outstanding at the year-end in respect of these transactions.

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WIGHTFIBRE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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24. Analysis of net debt

	At 1 October 2022 £	Cash flows £	Other non- cash changes £	At 30 September 2023 £
Cash at bank and in hand	2,331,983	(1,075,512)	-	1,256,471
Bank loan due after 1 year	(39,837,345)	(4,100,000)	(136,272)	(44,073,617)
Intercompany loan	(38,979,005)	(20,000,000)	(3,645,358)	(62,624,363)
	<u>(76,484,367)</u>	<u>(25,175,512)</u>	<u>(3,781,630)</u>	<u>105,441,509</u>

25. Controlling party

The immediate parent undertaking is George Digital UK 2 Limited, a company registered in England and Wales.

The ultimate parent undertaking is George Digital UK 1 Limited, a company registered in England and Wales.

The largest and smallest group of undertakings for which group accounts for the year ended 30 September 2023 have been drawn up, is that headed by George Digital UK 1 Limited. The registered office address of George Digital UK 1 Limited is 56 Love Lane, Cowes, Isle of Wight, PO31 7EU. Copies of the group accounts are available from Companies House.

The directors consider George Digital SLP LP to be the ultimate controlling party.