

ITS Technology Group Limited

Filleted Financial Statements
for the Year Ended 31 December 2020

Abrams Ashton Ltd
Chartered Accountants & Statutory Auditors
7 Waterside Court
St. Helens
Merseyside
WA9 1UA

ITS Technology Group Limited

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ITS Technology Group Limited

Company Information

Directors	Mr D A S Baythorpe Mr K D Gaskell Mr I Shervell Mr S K McLachlan Mr C S Kameen
Registered office	Elm House Farm Saughton Lane Saughton Chester Cheshire CH3 6EN
Auditors	Abrams Ashton Ltd Chartered Accountants & Statutory Auditors 7 Waterside Court St. Helens Merseyside WA9 1UA

ITS Technology Group Limited
(Registration number: 08786229)
Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	<u>4</u>	66,324	17,717
Tangible assets	<u>5</u>	6,897,512	1,365,468
Investments	<u>6</u>	2	2
		<u>6,963,838</u>	<u>1,383,187</u>
Current assets			
Debtors	<u>7</u>	1,914,410	1,143,750
Cash at bank and in hand		<u>1,881,290</u>	<u>1,740,925</u>
		3,795,700	2,884,675
Creditors: Amounts falling due within one year	<u>8</u>	<u>(2,796,373)</u>	<u>(2,237,225)</u>
Net current assets		<u>999,327</u>	<u>647,450</u>
Total assets less current liabilities		7,963,165	2,030,637
Creditors: Amounts falling due after more than one year	<u>8</u>	<u>(18,364,665)</u>	<u>(9,991,240)</u>
Net liabilities		<u>(10,401,500)</u>	<u>(7,960,603)</u>
Capital and reserves			
Called up share capital		16,858	16,858
Share premium reserve		7,158,433	7,158,433
Revaluation reserve		56,077	-
Profit and loss account		<u>(17,632,868)</u>	<u>(15,135,894)</u>
Shareholders' deficit		<u>(10,401,500)</u>	<u>(7,960,603)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 20 December 2021 and signed on its behalf by:

.....
Mr C S Kameen
Director

ITS Technology Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2020	16,858	7,158,433	-	(15,135,894)	(7,960,603)
Loss for the year	-	-	-	(2,496,974)	(2,496,974)
Other comprehensive income	-	-	56,077	-	56,077
Total comprehensive income	-	-	56,077	(2,496,974)	(2,440,897)
At 31 December 2020	16,858	7,158,433	56,077	(17,632,868)	(10,401,500)

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2019	15,002	6,673,709	(10,215,575)	(3,526,864)
Loss for the year	-	-	(4,920,319)	(4,920,319)
Total comprehensive income	-	-	(4,920,319)	(4,920,319)
New share capital subscribed	1,856	484,724	-	486,580
At 31 December 2019	16,858	7,158,433	(15,135,894)	(7,960,603)

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Elm House Farm Saighton Lane
Saighton
Chester
Cheshire
CH3 6EN
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the notes to the accounts, certain items are shown at their fair value. The financial statements are prepared in sterling, which is the functional currency of the entity.

Group accounts not prepared

The company has taken advantage of the option not to prepare consolidated financial statements contained in section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

Going concern

The financial statements have been prepared on a going concern basis the validity of which depends on future profitable trading, the support of the directors, and certain other long term creditors disclosed in note 9. Should the company be unable to continue trading, adjustments would be necessary to reduce the value of assets to their recoverable amount, to provide for further liabilities which might arise and to reclassify fixed assets as current assets. Further details are included in note 11.

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 21 December 2021 was Darren Leigh FCCA, who signed for and on behalf of Abrams Ashton Ltd.

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, rebates and discounts.

Government grants

Grants are credited to deferred revenue. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Any tangible assets carried at revalued amounts are recorded at their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is recognised on other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of a revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is charged so as to write off the cost or valuation of assets less their residual value, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery -Passive network	5% straight line
Plant and machinery -Active network	20% straight line
Fixtures and fittings	20% straight line
Computer equipment	20% straight line
Motor vehicles	20% straight line

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made the life is presumed not to exceed 5 years.

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Notes to the Financial Statements for the Year Ended 31 December 2020

Research and development costs

Research expenditure is written off in the period in which it is incurred.

Development costs are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	5 years
Development costs	5 years
Computer software	5 years

Investments

Fixed asset investments are stated at cost less provision for impairment in value.

Defined contribution pension obligation

Contributions to defined contribution plans are recognised as an expense in the period in which they are paid.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 36 (2019 - 26).

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Notes to the Financial Statements for the Year Ended 31 December 2020

4 Intangible assets

	Goodwill £	Development costs £	Internally generated software development costs £	Total £
Cost or valuation				
At 1 January 2020	448,477	504,114	-	952,591
Additions acquired separately	-	-	83,105	83,105
At 31 December 2020	448,477	504,114	83,105	1,035,696
Amortisation				
At 1 January 2020	430,760	504,114	-	934,874
Amortisation charge	17,717	-	16,781	34,498
At 31 December 2020	448,477	504,114	16,781	969,372
Carrying amount				
At 31 December 2020	-	-	66,324	66,324
At 31 December 2019	17,717	-	-	17,717

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

5 Tangible assets

	IP Addresses £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2020	-	17,563	1,676,762	38,476	-	1,732,801
Revaluations	56,077	-	-	-	-	56,077
Additions	138,035	4,861	5,657,887	53,083	4,000	5,857,866
At 31 December 2020	194,112	22,424	7,334,649	91,559	4,000	7,646,744
Depreciation						
At 1 January 2020	-	17,563	320,253	29,517	-	367,333
Charge for the year	-	2,183	362,466	13,250	4,000	381,899
At 31 December 2020	-	19,746	682,719	42,767	4,000	749,232
Carrying amount						
At 31 December 2020	194,112	2,678	6,651,930	48,792	-	6,897,512
At 31 December 2019	-	-	1,356,509	8,959	-	1,365,468

Revaluation

The fair value of the company's IP Addresses were revalued on 31 December 2020. An independent valuer was not involved.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £138,035 (2019 - £Nil).

6 Investments

	2020 £	2019 £
Investments in subsidiaries	2	2

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Subsidiaries	£
Cost or valuation	
At 1 January 2020	2,927
Provision	
At 1 January 2020	<u>2,925</u>
Carrying amount	
At 31 December 2020	<u><u>2</u></u>
At 31 December 2019	<u><u>2</u></u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
ITS Hammersmith and Fulham Limited	Elm House Farm	Ordinary	100%	100%
	Saighton Lane			
	Chester			
	CH3 6EN			
	England and Wales			
ITS Telecom Services Limited	Elm House Farm	Ordinary	100%	100%
	Saighton Lane			
	Chester			
	CH3 6EN			
	England and Wales			
ITS Nottingham Limited	Elm House Farm	Ordinary	100%	100%
	Saighton Lane			
	Chester			
	CH3 6EN			
	England and Wales			
Bnet Ultra Limited	Elm House Farm	Ordinary	100%	100%
	Saighton Lane			
	Chester			
	CH3 6EN			
	England and Wales			

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Notes to the Financial Statements for the Year Ended 31 December 2020

7 Debtors

	2020 £	2019 £
Trade debtors	1,380,824	787,295
Prepayments and accrued income	282,212	94,707
Other debtors	251,374	261,748
	<u>1,914,410</u>	<u>1,143,750</u>

8 Creditors

Creditors: amounts falling due within one year

	2020 £	2019 £
Due within one year		
Trade creditors	881,192	1,015,284
Taxation and social security	84,621	320,478
Accruals and deferred income	316,776	636,537
Other creditors	1,513,784	264,926
	<u>2,796,373</u>	<u>2,237,225</u>

Creditors: amounts falling due after more than one year

	2020 £	2019 £
Due after one year		
Other creditors	<u>18,364,665</u>	<u>9,991,240</u>
	2020 £	2019 £
Due after more than five years		
After more than five years not by instalments	<u>18,364,665</u>	<u>9,991,240</u>

Creditors includes a loan facility agreement which is secured by a debenture over all assets of the company totalling £18,364,665 (2019 - £9,991,240) .

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Notes to the Financial Statements for the Year Ended 31 December 2020

9 Related party transactions

Included in creditors due after more than one year as at 31 December 2020 is £18,364,665 (2019 - £9,991,240) due to Aviva Investors Infrastructure Income No.6B Limited, the majority shareholder of the ultimate parent company ITS (Holdco) Ltd, and interest payable during the year at 9% was £1,142,394 (2019 - £675,433).

10 Going concern

During 2020 ITS Technology Group Limited (ITS) secured a significant investment from Aviva Investors, the global asset management business of Aviva Plc, to fund and accelerate the company's full fibre roll out plan. The need for fibre in the UK is now at the forefront of the political agenda and ITS has a team, the capability and now the financial means to realise this market opportunity. The Aviva facility provides ITS with capital investment to fund the network build and working capital to cover financial losses whilst ITS grows and matures as a business. ITS is in the early stages of its development and the directors are satisfied with the progress to date, notwithstanding current year losses before tax totalling £2,496,974 sustained and net liabilities as at 31 December 2020 of £10,401,500 (2019 £7,960,603) . The directors have received written notification from Aviva that the facility agreement, of which £18,364,665 had been utilised as at 31 December 2020, enables the company to meet its obligations for at least 12 months from the date these financial statements are signed. On this basis the directors have concluded that the company will be able to meet its liabilities as they fall due for the foreseeable future and hence it is appropriate to continue to adopt the going concern basis in the preparation of these financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.