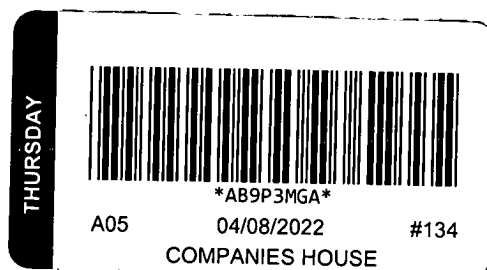


Company Registration No. 12359292 (England and Wales)

YOUFIBRE LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021**

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YOUFIBRE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

YOUFIBRE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

		2021		2020 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		312,274		57,642
Tangible assets	5		1,894,961		200,063
			<u>2,207,235</u>		<u>257,705</u>
Current assets					
Debtors	6	479,006		89,652	
Cash at bank and in hand		1,014,371		80,907	
			<u>1,493,377</u>	<u>170,559</u>	
Creditors: amounts falling due within one year	7	(700,215)		(428,746)	
Net current assets/(liabilities)			<u>793,162</u>		<u>(258,187)</u>
Total assets less current liabilities			<u>3,000,397</u>		<u>(482)</u>
Creditors: amounts falling due after more than one year	8		(8,017,586)		(579,155)
Net liabilities			<u>(5,017,189)</u>		<u>(579,637)</u>
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			(5,017,289)		(579,737)
Total equity			<u>(5,017,189)</u>		<u>(579,637)</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27th July 2022 and are signed on its behalf by:



W Wadsworth
Director

YOUFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Youfibre Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit H The Courtyard, Tewkesbury Business Park, Tewkesbury, United Kingdom, GL20 8GD.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company and the group of which the company is a member ("the Group") have adequate resources to continue in operational existence for a minimum period of 12 months from date of signature. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. The business has considered the Company's ongoing ability to fund its network roll out plan and continued operational expenditure and is satisfied that the Company can meet its obligations with the cash on hand with further loan notes and funding available.

Investment in new network areas continues to grow, requiring significant funding. In April 2022 Digital Bridge was announced as a key financial investor to ensure that the business has sufficient working capital to deliver its growth plans, providing the Group with an additional £295m of equity. It is expected that Digital Bridge will continue to support the Group by providing funds, as necessary, in order to allow the Group to realise its growth plans.

Reporting period

These financial statements are prepared for the year end of 31 December 2021. The previous period's financial statements were prepared from the date of incorporation on 11 December 2019 to the period end of 31 December 2020, on the basis that going forward the financial statements will be prepared to 31 December in line with the group.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue is recognised either at a point in time or over time when or as the company satisfies its performance obligations by transferring goods or services to customers.

Revenue from fees charged for providing access to the internet is recognised on a straight line basis over the period for which the internet connection is provided.

Revenue charged in advance that relates to dates beyond the current accounting period is included in the statement of financial position as deferred income under creditors.

YOUFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	Straight line over 5 and 10 years
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Router and connection assets	Straight line over 2 years
Network infrastructure	Straight line over 10 and 25 years
Computers & office equipment	Straight line over 3 years
Construction in progress	Not depreciated

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

YOUFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

YOUFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Prior period adjustment

Changes to the statement of financial position

	As previously reported £	Adjustment £	As restated at 31 Dec 2020 £
Fixed assets			
Tangible assets	159,809	40,254	200,063
Current assets			
Stocks	40,254	(40,254)	-
Net assets	(579,637)	-	(579,637)
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Total equity	(579,637)	-	(579,637)
	<u> </u>	<u> </u>	<u> </u>

Changes to the income statement

	As previously reported £	Adjustment £	As restated £
Period ended 31 December 2020			
Loss for the financial period	(579,737)	-	(579,737)
	<u> </u>	<u> </u>	<u> </u>

YOUFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Prior period adjustment (Continued)

Reconciliation of changes in equity

	11 December 2019 £	31 December 2020 £
Adjustments to prior year		
Total adjustments	-	-
Equity as previously reported	-	(579,637)
Equity as adjusted	-	(579,637)

Reconciliation of changes in loss for the previous financial period

	2020 £
Total adjustments	-
Loss as previously reported	(579,737)
Loss as adjusted	(579,737)

Notes to reconciliation

Stock reclassification

In the prior period construction in progress of £40,254 was classified as stock however the directors believe as these assets are not held for resale but for use in the company's network assets they are more appropriately classified as construction in progress in tangible fixed assets.

As a result of this reclassification, stock was reduced by £40,254 and tangible fixed assets were increased by £40,254. There was no impact on the profit and loss reserve.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	17	2

YOUFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 Intangible fixed assets

	Software £
Cost	
At 1 January 2021	59,112
Additions	282,475
At 31 December 2021	341,587
Amortisation and impairment	
At 1 January 2021	1,470
Amortisation charged for the year	27,843
At 31 December 2021	29,313
Carrying amount	
At 31 December 2021	312,274
At 31 December 2020	57,642

5 Tangible fixed assets

	Router and connection assets £	Network infrastructure £	Computers & office equipment £	Construction in progress £	Total £
				As restated	As restated
Cost					
At 1 January 2021	13,668	137,066	15,920	40,254	206,908
Additions	437,907	659,889	22,999	668,851	1,789,646
Disposals	-	-	(8,448)	-	(8,448)
At 31 December 2021	451,575	796,955	30,471	709,105	1,988,106
Depreciation and impairment					
At 1 January 2021	840	2,971	3,034	-	6,845
Depreciation charged in the year	52,476	31,190	5,219	-	88,885
Eliminated in respect of disposals	-	-	(2,585)	-	(2,585)
At 31 December 2021	53,316	34,161	5,668	-	93,145
Carrying amount					
At 31 December 2021	398,259	762,794	24,803	709,105	1,894,961
At 31 December 2020	12,828	134,095	12,886	40,254	200,063

YOUFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Debtors	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	371,384	2,395
Other debtors	107,622	87,257
	<u>479,006</u>	<u>89,652</u>
 7 Creditors: amounts falling due within one year	 2021	 2020
	£	£
Trade creditors	274,483	45,426
Amounts owed to group undertakings	22,702	375,360
Taxation and social security	75,007	6,530
Other creditors	328,023	1,430
	<u>700,215</u>	<u>428,746</u>
 8 Creditors: amounts falling due after more than one year	 2021	 2020
	£	£
Amounts owed to group undertakings	<u>8,017,586</u>	<u>579,155</u>

The amounts owed to group undertakings, per the formal loan agreements in place, are due for final repayment on 31 October 2025 and as such have been shown in creditors falling due after more than one year.

9 Financial commitments, guarantees and contingent liabilities

There are fixed and floating charges over the assets and undertaking of the company to secure loans made to a group company, Substantial Midco Limited, totalling £51,690,856 (2020 £8,671,656) and accrued interest and charges on these loans totalling £3,682,686 (2020: £205,503). There are also fixed and floating charges over the assets and undertaking of the company to secure loans made to another group company, Substantial Midco 2 Limited, totalling £40,000,000 (2020 £Nil) and accrued interest and charges on these loans totalling £1,138,882 (2020: £Nil).

The company is included in a group registration for VAT. At 31 December 2021 the company had no potential liability under this group registration (2020: £nil) as all companies in the group registration were owed refunds of VAT by HM Revenue & Customs at the year end.

YOUFIBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	601,789	-
Between one and five years	926,918	-
	<u>1,528,707</u>	<u>-</u>

11 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

The company has made purchases from a company in which a director has a financial interest. During the year total purchases amounted to £241,961 (2020: £71,456). At the year end was £20,136 (2020 - £Nil) was due to the company.

12 Parent company

Substantial Group Limited is the immediate parent company. The registered office of Substantial Group Limited is Unit H The Courtyard, Tewkesbury Business Park, Tewkesbury, United Kingdom, GL20 8GD.

Substantial Topco Limited is the ultimate parent company. The registered office of Substantial Topco Limited is Unit H The Courtyard, Tewkesbury Business Park, Tewkesbury, United Kingdom, GL20 8GD. Substantial Topco Limited is the only company that prepares consolidated financial statements which includes Youfibre Limited.

13 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Christopher Tate.

The auditor was RSM UK Audit LLP.