

**Atomwide Limited**  
Annual report and accounts 2021



# Directors' report

For the year ending 31 March 2021

The directors present their report and the financial statements for the year ending 31 March 2021.

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 101 'Reduced Disclosure Framework'.

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. 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.

They are further responsible for ensuring that the report of the directors and other information included in the annual report and financial statements is prepared in accordance with applicable law in the United Kingdom.

## The Board

Phil Race  
John Swaite

## Provision of information to auditor

So far as each of the directors is aware at the time the report was approved:

- there was no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor was aware of that information.

## Going concern

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. Based on the normal business planning and control procedures the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

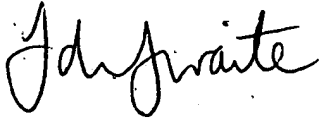
The company does not have high customer concentration or sector exposure and the majority of the revenue stream is generated from recurring products and services, which combined provide good revenue and profitability visibility for the foreseeable future. The Group has adequate funding facilities available to it for the period until March 2024 which can be utilised by the company as required. Credit risk is being managed by customers paying via direct debit, paying deposits or paying in advance of receiving service.

The directors have reviewed the detailed financial forecast of the Group and the underlying assumptions in light of the current trading performance, which demonstrate continued strong operating cash flow and adequate headroom in respect of the banking covenants. Based upon this, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and can support the company if required. The financial statements are therefore prepared on the going concern basis.

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

By order of the Board

A handwritten signature in black ink, appearing to read 'John Swaite', written in a cursive style.

**John Swaite**

*Director*

23 July 2021

## Independent Auditor's Report to the Members of Atomwide Limited

### OPINION

We have audited the financial statements of Comms Group Limited (the 'company') for the year ended 31 March 2021, which comprise the income statement, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit 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 United Kingdom, including the Financial Reporting Council'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.

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

### OPINION 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 2, 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.

## **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 an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included:

- enquiries of management about their own identification and assessment of the risks of irregularities;
- reviewing board minutes and making enquiries of management regarding any non-compliance with laws and regulations and fraud;
- reviewing the revenue, supplier payments and payroll systems for significant deficiencies or susceptibility to fraud;
- reviewing revenue has been recognised appropriately and that the revenue accounting policy is compliant with the financial reporting framework;
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements; and
- reviewing journal entries, in particular any journal entries posted with unusual account combinations, posted by unexpected users and posted on unexpected days.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the

provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located 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.

## USE OF OUR REPORT

This report is made solely to the company's shareholders 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 shareholders 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 shareholders for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Darren Rigden (senior statutory auditor)

for and on behalf of  
**Crowe UK LLP**

Statutory Auditor  
Riverside House  
46 – 46 High Street  
Maidstone  
Kent  
ME14 1JH

Date: 26th July 2021

# Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	Year ended 31 March 2021 £'000	Year ended, 31 March 2020 £'000
<b>Revenue</b>	2	<b>17,117</b>	<b>14,787</b>
Cost of sales		<b>7,154</b>	<b>5,642</b>
<b>Gross profit</b>		<b>9,963</b>	<b>9,145</b>
Other income	4	<b>125</b>	-
Administrative expenses		<b>7,350</b>	<b>6,457</b>
Gain on disposal of asset		<b>142</b>	-
<b>Operating profit</b>	5	<b>2,880</b>	<b>2,688</b>
Finance income	7	-	-
Finance costs	8	<b>24</b>	<b>19</b>
<b>Profit before income tax</b>		<b>2,856</b>	<b>2,669</b>
Income tax expense	10	<b>320</b>	<b>241</b>
<b>Profit for the period</b>		<b>2,536</b>	<b>2,428</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>2,536</b>	<b>2,428</b>

The notes on pages 10 to 20 form part of these financial statements.

# Statement of Financial Position

As at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
<b>Assets</b>			
Intangibles	11	6,124	6,755
Property, plant and equipment	12	492	596
		<b>6,616</b>	<b>7,351</b>
<b>Current assets</b>			
Inventories	14	292	258
Trade and other receivables	15	4,315	4,945
Income tax asset		107	-
Deferred tax asset		-	4
Cash and cash equivalents		1,046	1,606
		<b>5,760</b>	<b>6,813</b>
<b>Total assets</b>		<b>12,376</b>	<b>14,164</b>
<b>Current liabilities</b>			
Trade and other payables	16	4,191	8,338
Income tax liability		-	233
Deferred tax liability	13	38	-
<b>Non-current liabilities</b>			
Long term borrowings	20	183	165
<b>Total liabilities</b>		<b>4,412</b>	<b>8,736</b>
<b>Net assets</b>		<b>7,964</b>	<b>5,428</b>
<b>Equity attributable to equity holders</b>			
Share capital	17	3	3
Share Premium		194	194
Other reserves		-	-
Retained earnings		7,767	5,231
<b>Total equity</b>		<b>7,964</b>	<b>5,428</b>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The financial statements were approved and authorised for issue by the Board on 23 July 2021 and signed on its behalf.



**John Swaite**  
**Director**

The notes on pages 10 to 20 form part of these financial statements.

Registered number 02142875



# Statement of changes in equity

For the year ended 31 March 2021

	Attributable to equity holders				
	Share capital £'000	Share Premium £'000	Retained earnings £'000	Other Reserves £'000	Total equity £'000
<b>Equity at 1 April 2019</b>	<b>3</b>	<b>194</b>	<b>2,816</b>	<b>-</b>	<b>3,013</b>
<b>Impact of change in accounting policy (note 4)</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>-</b>	<b>(13)</b>
<b>Adjusted equity at 1 April 2019</b>	<b>3</b>	<b>194</b>	<b>2,803</b>	<b>-</b>	<b>3,000</b>
Profit for the period	-	-	2,428	-	2,428
Total comprehensive income	-	-	2,428	-	2,428
Dividends	-	-	-	-	-
<b>Equity at 1 April 2020</b>	<b>3</b>	<b>194</b>	<b>5,231</b>	<b>-</b>	<b>5,428</b>
Profit for the year	-	-	2,536	-	2,536
Total comprehensive income	-	-	2,536	-	2,536
Dividends	-	-	-	-	-
<b>Equity at 31 March 2021</b>	<b>3</b>	<b>194</b>	<b>7,767</b>	<b>-</b>	<b>7,964</b>

The notes on pages 10 to 20 form part of these financial statements.

# Notes to the financial statements

For the year ending 31 March 2021

## 1. Nature of operations and general information

Atomwide Limited is an award winning UK based managed service technology company, specialising in the delivery of Education focused Information and Communication Technology solutions. As lead technology partner to Europe's largest Education network, Atomwide constructs and manages Wide Area Networks (WANs) and creates, delivers and maintains ISP-level services.

Atomwide Limited is incorporated under the Companies Act, domiciled in the UK (registered in England and Wales under company number 02142875) and the registered office is located at One Fleet Place, London EC4M 7WS.

## 2. Accounting policies

### **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The financial statements are presented in sterling which is the company's functional and presentation currency. The figures shown in the financial statements are rounded to the nearest thousand pounds.

### **Going concern**

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. Based on the normal business planning and control procedures the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company does not have high customer concentration or sector exposure and the majority of the revenue stream is generated from recurring products and services, which combined provide good revenue and profitability visibility for the foreseeable future. The Group has adequate funding facilities available to it for the period until March 2024 which can be utilised by the company as required. Credit risk is being managed by customers paying via direct debit, paying deposits or paying in advance of receiving service.

The directors have reviewed the detailed financial forecast of the Group and the underlying assumptions in light of the current trading performance, which demonstrate continued strong operating cash flow and adequate headroom in respect of the banking covenants. Based upon this, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and can support the company if required. The financial statements are therefore prepared on the going concern basis.

The following principal accounting policies have been applied:

## Revenue

The following is a description of the principal activities from which the company generates its revenue.

Segment	Product/service	Nature, timing of satisfaction of performance obligations and significant payment terms
Fixed line services	Calls and line rental	<p>Revenue from calls, which excludes value added tax and trade discounts, is recognised in the income statement at the time the call is made. Calls made in the year, but not billed by year end, are accrued within receivables as accrued income.</p> <p>Revenue from line rental is recognised in the month that the charge relates to, commencing with a full month's charge in the month of connection.</p> <p>The performance obligations of calls and line rental services are fulfilled in the month in which the services are consumed by customers.</p> <p>Customer payment terms are 14 days from invoice for call usage and line rental services.</p>
Managed services	Sale of goods	<p>Revenue from the sale of goods is recognised when the goods have been fully installed and the risks and rewards of ownership have passed to the customer.</p> <p>The performance obligations of the supply of goods and equipment are met when the goods have been delivered, configured and installed.</p> <p>All goods supplied are covered by a standard manufacturer warranty which is provided back-to-back with customer terms.</p> <p>Customer payment terms are 30 days from invoice date. A deposit of up to 33% is invoiced prior to delivery with the balance being invoiced once the equipment has been configured and installed.</p>
Managed services	Support services	<p>Support service revenues are recognised evenly over the customers contractual period for which the charges relate. Support service charges which arise outside of the customer contracts are recognised in the month when the support service is provided.</p> <p>The performance obligations of support services are fulfilled in the month in which the services are consumed by customers.</p> <p>Customer payment terms are 14-30 days from invoice date, support services are invoiced and paid for up to twelve months in advance.</p>

Where customer contracts have multiple components to be delivered (e.g. equipment rental and internet services), the revenue attributable to each component is calculated based on the fair value of each component.

The whole of the revenue is attributable to the provision of IT services for schools, local authorities and regional broadband consortia (RBCs) as well as a range of other establishments nationwide. All revenue arose within the United Kingdom.

## Grant income

The company recognises income from government grants under the accruals model as permitted by IAS 20. Grants are recognised in the income statement as other income in the same period as the related expenditure.

## Intangible fixed assets and amortisation

Intangible assets are recognised at fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation charge is included within administrative expenses in the statement of comprehensive income. The useful life of the intangible assets is estimated to be:

Customer base	- 10 Years
Software licenses	- 5 Years

### **Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost, less depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value of each asset, over its expected useful life on the following bases:

Freehold property	– 2% on cost
Improvements to property	– Over the period of the lease
Fixtures and fittings	– 10% on cost
Motor vehicles	– 25% on cost
Computer equipment	– 33% on cost
Right of use asset	– Contract agreement period

### **Inventories**

Inventories are valued at the lower of cost and net realisable value after making allowance for any obsolete or slow moving items. Net realisable value is reviewed regularly to ensure accurate carrying values. Cost is determined on a first-in-first-out basis and includes transportation and handling costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

### **Pensions**

The company contributes to personal pension plans. The amount charged to the income statement in respect of pension costs is the contribution payable in the year.

### **Income tax**

Income tax is the tax currently payable based on taxable profit for the year.

Deferred income tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred income tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred income tax liabilities are provided in full, with no discounting. Deferred income tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred income tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred income tax assets or liabilities are recognised as a component of income tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred income tax is also charged or credited directly to equity.

### **Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors.

Short term debtors are measured at transaction price, less any impairment.

Short term trade creditors are measured at transaction price.

## **3. Critical accounting estimates and judgements**

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### **Stock provision**

A provision is made in respect of obsolete or slow moving items. The provision is estimated based on the age of the items which are held in stock.

### **Credit losses on bad debt**

Management reviews are performed to estimate the level of provision required for irrecoverable debt under the requirements of IFRS9. Provisions are made specifically against invoices where recoverability is uncertain. Further information on the receivables allowance account is given in Note 15.

### **Impairment of intangible assets**

The allocation of the value of the excess consideration less the net assets acquired are identified as intangible assets arising as part of a business combination, these require judgement in respect of the separately identifiable intangible assets that have been acquired. These judgements are based upon the directors' opinion of the identifiable assets from which economic benefits are derived.

#### 4. Other income

	2021 £'000	2020 £'000
Coronavirus Job Retention Scheme claims	125	-

#### 5. Operating profit

The operating profit is stated after charging:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Depreciation of tangible fixed assets	92	93
Depreciation of right-to-use asset	186	167
Amortisation of intangible assets	727	545

#### 6. Auditor remuneration

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	23	21
Fees payable to the company's auditor and their associates in respect of:		
– other services relating to taxation	3	3

#### 7. Finance Income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Interest receivable	-	-

#### 8. Finance Costs

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
IFRS 16 lease liability interest	22	18
Finance costs	2	1

#### 9. Employees costs

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

	2021 £'000	2020 £'000
Wages and salaries	4,913	4,815
Social security costs	510	435
Pension costs	129	107
	5,552	5,357

The average monthly number of employees, during the period was 131 (2020: 111).

Total remuneration paid to directors during the period was £Nil (2020: £Nil).

The company operates defined contribution pension schemes. The pension charge represents contributions payable by the company and amounted to £128,308 (2020: £107,240). At 31 March 2021 there were no pension commitments (2020: £Nil).

## 10. Income tax expense

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
<b>Current tax</b>		
UK corporation tax on profit for the year	261	286
Adjustments in respect of prior periods	17	(36)
<b>Total current tax</b>	<b>278</b>	<b>250</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	34	(13)
Adjustments in respect of prior periods	8	3
Effect of tax rate change on opening balance	-	1
<b>Total deferred tax (see Note 13)</b>	<b>42</b>	<b>(9)</b>
<b>Total income tax expense</b>	<b>320</b>	<b>241</b>

### Factors affecting tax charge for year

The relationship between expected tax expense based on the effective tax rate of Atomwide Limited at 19% (2020: 19%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Profit before income tax	2,856	2,669
Tax rate	19	19
<b>Expected tax charge</b>	<b>543</b>	<b>507</b>
Expenses not deductible for tax purposes	-	-
Amortisation of intangibles not deductible for tax purposes	138	105
Adjustments to tax charge in respect of prior periods	25	(33)
R&D enhanced tax deduction	(25)	(45)
RDEC credit	(21)	(30)
Group relief claim for no payment	-	(223)
Profit/loss on disposal of ineligible assets	(27)	-
Effect of tax rate change on deferred tax opening balance	-	1
Depreciation on assets not qualifying for capital allowances	2	2
Other	(315)	(43)
<b>Actual tax expense net</b>	<b>320</b>	<b>241</b>

There were no material factors that may affect future tax charges.

## 11. Intangibles

	Customer base £'000	Software Licences £'000	Total £'000
<b>Cost</b>			
At 1 April 2020	7,273	37	7,310
Additions	-	114	115
Disposals	-	-	-
<b>At 31 March 2021</b>	<b>7,273</b>	<b>151</b>	<b>7,425</b>
<b>Depreciation</b>			
At 1 April 2020	545	10	555
Charge for the year	727	18	745
Disposals	-	-	-
<b>At 31 March 2021</b>	<b>1,272</b>	<b>28</b>	<b>1,300</b>
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b>6,001</b>	<b>123</b>	<b>6,124</b>
At 31 March 2020	6,728	27	6,755

The useful life of the customer base acquired is estimated at 10 years. The amortisation charge is included within administrative expenses in the statement of comprehensive income.

## 12. Property, plant and equipment

	Right-to-use asset £'000	Freehold Property £'000	Improvements to property £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>							
At 31 March 2020	437	238	299	340	73	494	1,881
Additions	235	-	-	2	-	116	353
Disposals	(30)	(238)	-	-	-	-	(268)
Adjustment relating to prior year	45						
<b>At 31 March 2021</b>	<b>687</b>	<b>-</b>	<b>299</b>	<b>342</b>	<b>73</b>	<b>610</b>	<b>2,011</b>
<b>Depreciation</b>							
At 31 March 2020	143	34	295	312	69	433	1,286
Charge for the year	186	4	4	9	4	49	256
Disposals	(30)	(38)	-	-	-	-	(68)
Adjustment relating to prior year	45						
<b>At 31 March 2021</b>	<b>344</b>	<b>-</b>	<b>299</b>	<b>321</b>	<b>73</b>	<b>482</b>	<b>1,519</b>
<b>Net book value</b>							
<b>At 31 March 2021</b>	<b>343</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>128</b>	<b>492</b>
At 31 March 2020	294	204	4	28	4	61	596

The right of use asset is made up as follows:

	31 March 2021 £'000	31 March 2020 £'000
Property	296	209
Motor vehicles	48	78
Other	-	7
	<b>344</b>	<b>294</b>

The depreciation charge for right of use assets is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Property	134	125
Motor vehicles	45	33
Other	7	9
	<b>186</b>	<b>167</b>

### 13. Deferred taxation

	2021 £'000	2020 £'000
At 1 April 2019	(4)	5
Income statement (credit)/charge	42	(9)
<b>At 31 March 2020</b>	<b>38</b>	<b>(4)</b>

The deferred tax liability is made up as follows:

	2021 £'000	2020 £'000
Accelerated capital allowances	42	-
Short-term timing differences	(4)	(4)
	<b>38</b>	<b>(4)</b>

### 14. Inventories

	2021 £'000	2020 £'000
Consumables	291	258

There is no material difference between the replacement cost of inventories and the amount stated above. Stock of £3,833,921 has been expensed during the year (2020: £3,302,297).



## 15. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	3,022	3,386
Amounts owed by group undertakings	-	-
Other receivables	10	28
Prepayments and accrued income	1,283	1,531
	<b>4,315</b>	<b>4,945</b>

Included in trade receivables are amounts due from companies within the group of £4,680 (2020: £120,996)

The company initially recognise trade and other receivables at fair value, which is usually the original invoiced amount. They are subsequently carried at amortised cost using the effective interest method. The carrying amount of these balances approximates to fair value due to the short maturity of amounts receivable.

The company provide services to schools, mainly on credit terms. The company knows that certain debts due to us will not be paid through the default of a small number of our customers. Because of this, we recognise an allowance for doubtful debts on initial recognition of receivables, which is deducted from the gross carrying amount of the receivable. The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivable. In estimating a loss allowance, we consider historical experience and informed credit assessment alongside other factors such as the current state of the economy and particular industry issues. We consider reasonable and supportable information that is relevant and available without undue cost or effort.

Once recognised, trade receivables are continuously monitored and updated. Allowances are based on our historical loss experiences for the relevant aged category as well as forward-looking information and general economic conditions. Allowances are calculated by individual customer-facing units in order to reflect the specific nature of the customers relevant to that customer-generating unit.

### Trade receivables and contract assets

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As at 31 March 2021, trade receivables of £36,937 (2020: £125,945) were fully provided for.

All debts which are older than 90 days relate to interim amounts in respect of large customer projects which have not yet fully completed and are considered to be fully recoverable on completion.

The movement of the provision for impairment of trade receivables is as follows:

	Company £'000
At 1 April 2019	33
Acquired through acquisition	15
Receivables provided for during the year as uncollectable	78
Receivables collected during the year which were previously provided	-
At 1 April 2020	126
Receivables provided for during the year as uncollectable	(90)
Receivables collected during the year which were previously provided	-
At 31 March 2021	36

The creation and release of a provision for impaired receivables have been included in administration expenses in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering cash. Management regularly reviews the outstanding receivables and does not consider that any further impairment is required. The other asset classes within trade and other receivables do not contain impaired assets.

Natwest and Bank of Ireland have a cross guarantee and debenture incorporating a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery.

## 16. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	1,232	1,128
Other taxes and social security costs	623	676
Other payables	109	55
Amounts owed to group undertakings	217	3,798
Lease liability right-to-use asset	171	132
Accruals and deferred income	1,839	2,549
	<b>4,191</b>	<b>8,338</b>

Included in trade payables are amounts due to companies within the group of £12,006 (2020: £4,362).

## 17. Share capital

	2021 £'000	2020 £'000
<b>Allotted, called up and fully paid</b>		
3,270 (2020: 3,270) Ordinary shares of £1 each	3	3
Share Premium	194	194
	<b>197</b>	<b>197</b>

### Movement in shares in issue

	31 March 2021	31 March 2020
Ordinary shares of £1 each	3,270	3,270
Reallocated ordinary shares	-	-
Ordinary B shares issued	-	-
Issued under share option schemes	-	-
	<b>3,270</b>	<b>3,270</b>

## 18. Related party transactions

The company has taken advantage of the provisions of FRS 101 paragraph 8(k) which exempts qualifying entities from disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by a member of that group.

## 19. Capital commitments

At 31 March 2021 there were capital commitments of £Nil (2020: £Nil).

## 20. Long term borrowings

	2021 £'000	2020 £'000
Between two to five years	183	162
	<b>183</b>	<b>162</b>

Long term borrowings relate to the lease liability for right-to-use assets.

## 21. Lease liability

Included within long-term borrowings (Note 20) between two and five years is an amount of £182,508 (2020: £162,534) which relates to IFRS 16 lease liability.

	31 March 2021 £'000	31 March 2020 £'000
Between one and two years	87	132
Between two and five years	95	162
More than five years	-	-
	<b>182</b>	<b>294</b>

Total cash payments in respect of IFRS 16 lease agreements during the year was £213,291 (2020: £188,724).

## 22. Controlling party

The ultimate parent company and controlling party is AdEPT Technology Group plc by virtue of its 100% shareholding, a company registered in United Kingdom, a company registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by AdEPT Technology Group plc. The consolidated accounts of this company are available from 77 Mount Ephraim, Tunbridge Wells, Kent TN4 8BS.

## 23. Business combinations

On 26 April 2019 AdEPT Technology Group Plc, parent company to Atomwide Limited, acquired the trade and assets of Advanced Computer Systems Group Limited ('ACS') for an initial consideration of £5.24m in cash less net debt and tax liabilities at completion. Further contingent consideration of between £Nil and £2.26m may be payable, also in cash, dependent upon the performance of ACS Group post-acquisition. On 1 July 2019 all asset and liabilities were hived up to the Company.

The contingent deferred consideration will be determined by reference to the gross margin of the acquired business and applying the contingent deferred consideration calculation as specified in the share purchase agreement. The fair value of contingent deferred consideration has been determined by reference to the expected growth rate for the gross margin of the acquired business and applying the contingent deferred consideration calculation as specified in the share purchase agreement. The contingent consideration liability of £1.80m has been discounted at the weighted average cost of capital with the value of the discount of £0.17m being included within finance costs of the Group over the deferred consideration period as an interest charge. At 31 March 2020 the estimated deferred consideration was £1.80m. The earnout period for ACS ended on 31 March 2020 and the deferred consideration was paid in May 2020 with no further amounts due. Total consideration is £7.50m (including acquired debts and tax liabilities).

ACS Group, founded in 1999, is a well-established UK-based specialist provider of IT services focused on the education sector based in Doncaster with 20 years' experience. ACS Group is focused on providing IT services and has a strong public sector presence, including managing and supporting the IT function of approximately 200 schools and academy trusts.

All services provided by ACS Group are supported by a highly experienced team of IT professionals based at ACS Group's premises in Doncaster, which have been retained post-acquisition. The vendors and the senior management team responsible for the strategic direction, technical development and the day-to-day operations of ACS Group have been retained within the business post-acquisition.

Details of the fair value of the assets acquired at completion and the consideration payable:

	Book cost £'000	Fair value £'000
Intangible assets	-	7,270
Property, plant and equipment	-	107
Inventories	24	24
Trade and other receivables	832	832
Cash and cash equivalents	704	704
Trade and other payables	(1,378)	(1,378)
Income tax	(166)	(166)
Deferred tax	-	(1,384)
<b>Net assets</b>	<b>16</b>	<b>5,889</b>
Cash		5,190
Contingent cash consideration		2,083
Fair value total consideration		7,273
<b>Goodwill</b>		<b>1,384</b>

The trade and other receivables are all considered recoverable.

ACS Group contributed revenue and profit after tax of £6.16m and £1.61m respectively for the year ended 31 March 2020 and represents a 12 month contribution.

## Company information

### **Directors**

Phil race  
John Swaite

### **Secretary**

Dentons Secretaries Limited

### **Company number**

02142875

### **Registered office**

One Fleet Place  
London EC4M 7WS

### **Auditor**

***Crowe U.K. LLP***

Chartered accountants and registered auditor  
Riverside House  
40-46 High Street  
Maidstone  
Kent  
ME14 1JH