

Registered number: 04323164

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

MONDAY



AA0AMLUA

A07

15/03/2021

#139

COMPANIES HOUSE

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

COMPANY INFORMATION

Directors	PJ Bradford MO Kirk AJ Moody DC Phillips JN Wilson
Registered number	04323164
Registered office	Glebe Farm Down Street Dummer Hampshire RG25 2AD
Accountants	Grant Thornton UK LLP Chartered Accountants 5 Benham Road Southampton Science Park Chilworth Southampton Hampshire SO16 7QJ

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Accountant's report	4
Statement of comprehensive income	5
Balance sheet	6
Notes to the financial statements	7 - 16

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

Introduction

The Directors present their strategic report for the year ended 31 March 2020.

Principal activity

The principal activity of the Company is that of an intermediate parent company.

Business review and future development

There have been no changes to the business activities of the Company during the year and no future significant changes are anticipated.

Principal risks and uncertainties

The Company is reliant on the continued trading of the group to continue in business and therefore is indirectly exposed to the same risks and uncertainties. These are as set out in the strategic report of the immediate parent company, Southern Communications Holdings Limited.

Financial key performance indicators

There are no financial key performance indicators for this company which are regularly monitored by the board of Directors.

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



JN Wilson
Director

Date: 28/1/2021

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The Directors present their report and the financial statements for the year ended 31 March 2020.

Results and dividends

The loss for the year, after taxation, amounted to £28,028 (2019 - profit £14,448).

During the year the company paid £Nil in dividends (2019: £Nil).

Directors

The Directors who served during the year were:

PJ Bradford
MO Kirk
AJ Moody
DC Phillips
JN Wilson

Future developments

There are no significant future developments for disclosure.

Financial instruments

Objectives and policies

The Company does not make use of any complex financial instruments. There is no hedge accounting.

Price risk, credit risk, liquidity risk and cash flow risk

The Company operates as a cost centre of the group it belongs to. Therefore it does not face price risk, credit risk, liquidity risk or cash flow risk.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

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



JN Wilson
Director

Date: 28/1/2021

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 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 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.



Report to the Directors on the preparation of the unaudited statutory financial statements of Southern Business Technologies Limited for the year ended 31 March 2020

We have compiled the accompanying financial statements of Southern Business Technologies Limited (the 'company') based on the information you have provided. These financial statements comprise the Balance Sheet of Southern Business Technologies Limited as at 31 March 2020, the Statement of Comprehensive Income for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), 'Compilation Engagements'.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the Company's directors, as a body, in accordance with the terms of our engagement letter dated 29 May 2020. Our work has been undertaken solely to prepare for your approval the financial statements of the company and state those matters that we have agreed to state to the Company's directors, as a body, in this report in accordance with our engagement letter dated 29 May 2020. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Southampton

Date: 28/1/2021

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover	4	111,961	206,627
Gross profit		111,961	206,627
Administrative expenses		(139,996)	(187,994)
Operating (loss)/profit		(28,035)	18,633
Interest receivable and similar income	7	3	4
(Loss)/profit before tax		(28,032)	18,637
Tax on (loss)/profit		4	(4,189)
(Loss)/profit for the financial year		(28,028)	14,448

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 7 to 16 form part of these financial statements.

SOUTHERN BUSINESS TECHNOLOGIES LIMITED
REGISTERED NUMBER: 04323164

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	9	1,851,557	1,851,557
Current assets			
Debtors: amounts falling due within one year	10	1,256,082	1,288,133
Cash at bank and in hand		3,035	1,030
		<u>1,259,117</u>	<u>1,289,163</u>
Creditors: amounts falling due within one year	11	(2,676,907)	(2,678,925)
Net current liabilities		<u>(1,417,790)</u>	<u>(1,389,762)</u>
Total assets less current liabilities		<u>433,767</u>	<u>461,795</u>
Net assets		<u>433,767</u>	<u>461,795</u>
Capital and reserves			
Called up share capital	12	50,000	50,000
Share premium account		145,000	145,000
Profit and loss account		238,767	266,795
		<u>433,767</u>	<u>461,795</u>

The Directors considers that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/1/2021

J N Wilson

JN Wilson
 Director

The notes on pages 7 to 16 form part of these financial statements.

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 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 and principal place of business is:

Glebe Farm
Down Street
Dummer
Basingstoke
RG25 2AD

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 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Southern Communications Group Limited as at 31st March 2020 and these financial statements may be obtained from Companies House.

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

These financial statements contain information about Southern Business Technologies Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent Southern Communications Group Limited, a company incorporated in England and Wales. The registered office of Southern Communications Group Limited is Glebe Farm, Down Street, Dummer, Basingstoke, Hampshire, RG25 2AD.

2.4 Going concern

Southern Business Technologies Limited is a subsidiary of Southern Communications Group Limited, which has prepared forecasts, projections and expected cashflows to March 2022.

In drawing a conclusion on the Group's ability to continue as a going concern, the Directors have assessed the financial risks to the organisation. The principle risk to going concern has been identified as COVID-19 and its impact on the wider economic environment and the Group. Management has undertaken detailed financial forecasting to assess the effect of the Government imposed restrictions, considering both the Group, its customers, suppliers and staff. Forecasts have been stress tested to ensure robust assumptions are being made in the operational and financial management of the business.

In developing forecasts key assumptions include; where the Group is eligible for government support schemes (including CJRS and VAT Deferral) these have been applied for, recurring revenue decreases, one off income is substantially impacted reducing gross profit by c8% and corresponding reductions in operating costs of c10% leading to an EBITDA reduction of 7% against the original budget. This is in line with the actual trading performance for the first four months of the 2021 financial year.

Post year end recurring revenues have continued at similar levels prior to COVID-19, with the exception of fixed line and mobile call traffic, though this is returning towards Pre-COVID levels. On non-recurring streams there was a 3 month drop off but the Directors do not believe this will continue in the long term due to the easing of restrictions, resulting in the ability to once again perform site visits and installations. This has been supported by the sales in the quarter to September 2020.

Financial covenants set by lenders continue to be met and are anticipated to be met for the foreseeable future. With the agreement of our lender, the quarterly interest payment due for June 2020 was deferred and has been paid in September 2020 along with the normal quarterly payment. The Group overall is able to support the individual entities within it, should a need arise, but this is not envisaged given the Group forecasts, projections and expected cashflows.

In a constantly changing environment an agile approach has been taken, to facilitate our response to changes to organisational risk in a timely and robust manner. This includes both regular and event prompted review of risks, regular cash review and management, and staff working in a flexible manner to support the ongoing success of the Group.

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.4 Going concern (continued)

At the time of approving the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.5 Revenue

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

The Company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the company's activities.

Revenue recognition on contracts can include multiple deliverables such as providing services over a period, and delivery of products provided as part of this contract.

In these circumstances, it is necessary to separately identify the contract components, and recognise revenue between the sale of goods and rendering of services by un-bundling the contract. The total consideration is assigned to each component and recognised at the point of delivery with reference to the fair value and performance obligations of each component. The fair value is determined by comparing to amounts billed by the Company on a single item basis or based upon historical sale mark-ups. Accrued or deferred income may arise where amounts are billed in advance or arrears of the recognition of the sale of goods or provision of services.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.7 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.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.13 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.14 Related party transactions

The Company discloses transactions and balances with related parties which are not wholly owned within the same group.

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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

COVID-19

Management have reviewed factors for impairment in light of COVID-19, discount factors and future cash flows from customer contracts are considered to remain unchanged post the balance sheet date. Therefore no impairment is considered appropriate.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£	£
Intercompany	111,961	206,627

All turnover arose within the United Kingdom.

5. Employees

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

	2020	2019
	£	£
Wages and salaries	111,574	130,917
Social security costs	4,311	31,390
	115,885	162,307

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

	2020	2019
	No.	No.
Management	5	5

6. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	111,574	130,917

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. Interest receivable

	2020	2019
	£	£
Other interest receivable	3	4

8. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	(4)	4,189
Taxation on (loss)/profit on ordinary activities	(4)	4,189

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£	£
(Loss)/profit on ordinary activities before tax	(28,032)	18,637
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	-	3,541
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	648
Changes in provisions leading to an increase (decrease) in the tax charge	(4)	-
Total tax charge for the year	(4)	4,189

Factors that may affect future tax charges

There are no factors that will affect future tax charges.

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

9. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2019	1,851,557
At 31 March 2020	<u>1,851,557</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Southern Communications Limited	Glebe Farm, Down Street, Dummer, Hampshire, RG25 2AD	Ordinary	100%
Alliance Communications Limited	Glebe Farm, Down Street, Dummer, Hampshire, RG25 2AD	Ordinary	100%
Southern Data Limited	Glebe Farm, Down Street, Dummer, Hampshire, RG25 2AD	Ordinary	100%

Alliance Communications Limited and Southern Data Limited were dormant in the current and prior periods. Southern Data Limited is an indirect subsidiary.

10. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	1,255,662	1,288,133
Prepayments and accrued income	420	-
	<u>1,256,082</u>	<u>1,288,133</u>

All amounts owed by group undertakings are interest free and repayable on demand.

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	737	3,627
Amounts owed to group undertakings	2,610,995	2,610,995
Corporation tax	4,185	4,190
Other taxation and social security	5,111	5,557
Other creditors	38,279	38,279
Accruals and deferred income	17,600	16,277
	<u>2,676,907</u>	<u>2,678,925</u>

All amounts owed to group undertakings and interest free and repayable on demand.

12. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
50,000 (2019 - 50,000) Ordinary shares of £1.00 each	<u>50,000</u>	<u>50,000</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

Full voting, dividend and capital distribution (including on the winding up) right; they do not confer any rights of redemption.

13. Contingent liabilities

The Company has entered into a cross guarantee arrangement to secure the banks loans of the Southern Communications Group Limited and its subsidiaries. At the year end, the value of the total outstanding facilities were £175,659,747 (2019: £142,033,627).

14. Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with other companies that are wholly owned within the group.

SOUTHERN BUSINESS TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

15. Controlling party

The Company's immediate parent is Southern Communications Holdings Limited, incorporated in England and Wales.

The parent of the smallest and largest group for which consolidated accounts are prepared is Southern Communications Group Limited. These financial statements are available upon request from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate parent company is Southern Communications Group Limited. The Directors believe there to be no ultimate controlling party.