

Company Registration No. 04666043 (England and Wales)

COUNTY BROADBAND LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

LB GROUP
The Octagon
Suite E2, 2nd Floor
Middleborough
Colchester
CO1 1TG

COUNTY BROADBAND LTD

COMPANY INFORMATION

Directors	J R A East - Non-Executive Chairman L I Felton - Chief Executive Officer T Roberts - Chief Financial Officer I Shervell - Non-Executive Director M O'Connor - Company Director (Appointed 15 November 2023) M Leal - Company Director (Appointed 5 December 2023)
Secretary	G Reading
Company number	04666043
Registered office	Old Bouchiers Hall New Road Aldham Colchester Essex UK CO6 3QU
Auditor	LB Group Limited (Colchester) The Octagon Suite E2, 2nd Floor Middleborough Colchester CO1 1TG

COUNTY BROADBAND LTD

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COUNTY BROADBAND LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present the strategic report for the year ended 31 December 2023.

Review of the business

County Broadband Limited (the "Company") continued the expansion of its full fibre networks to the premises in East Anglia. The Company continues to build additional homes passed, connecting fibre customers and growing the revenue stream. As expected, the Company has incurred budgeted losses arising from a substantial expansion of its staff and other overheads before generating income from new fibre customers. This was anticipated, and specific allowance was made for it in the substantial funding received from Aviva Investors.

Turnover has increased from £4.69m to £4.73m, but following an increase in overheads referred to above, the loss before taxation increased from £17.3m to £27.7m. The directors expect this trend to continue while the fibre networks are being constructed. They also expect substantial long term revenue to flow from the completed networks in due course.

Principal risks and uncertainties

The main risk to the company continues to be the general condition of the economy but the directors are confident that the company is well placed to deal with any issues as they arise, given the increased value of the fibre build assets in the year.

Development and performance

The company's aim is to continue to achieve growth in terms of market share, homes passed for connections and profitability in future years.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that a more detailed analysis, using key performance indicators, is not necessary to understand the development, performance or position of the business.

Other information and explanations

The Company conducted a redundancy process during the year, reducing headcount from 286 to 134. By reducing costs the Company is now expected to reach positive EBITDA in Q1 2025, without the need for further funding.

The directors look forward to continued growth in customers and revenue in the current year.

On behalf of the board

L I Felton - Chief Executive Officer
Director

4 April 2024

COUNTY BROADBAND LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J R A East - Non-Executive Chairman

L I Felton - Chief Executive Officer

T Roberts - Chief Financial Officer

S McLachlan - Non-Executive Director

(Resigned 6 March 2023)

I Shervell - Non-Executive Director

M O'Connor - Company Director

(Appointed 15 November 2023)

M Leal - Company Director

(Appointed 5 December 2023)

Auditor

LB Group Limited (Colchester) was appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that it be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

The company has chosen to set out in the strategic report information required in the directors' report such as:

- Principal risks and uncertainties
- Development and performance

On behalf of the board

L I Felton - Chief Executive Officer

Director

4 April 2024

COUNTY BROADBAND LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors are responsible for preparing the annual 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.

COUNTY BROADBAND LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNTY BROADBAND LTD

Opinion

We have audited the financial statements of County Broadband Ltd (the 'company') for the year ended 31 December 2023 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

COUNTY BROADBAND LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF COUNTY BROADBAND LTD

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 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, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the telecommunications sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

COUNTY BROADBAND LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF COUNTY BROADBAND LTD

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Reviewed the internal controls in place, specifically around payroll and bank transactions; and
- Assessed whether judgements and assumptions made in determining the accounting estimates around depreciation were indicative of potential bias.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Shaun Roberts
Senior Statutory Auditor
For and on behalf of LB Group Limited (Colchester)

4 April 2024

Chartered Accountants
Statutory Auditor

The Octagon
Suite E2, 2nd Floor
Middleborough
Colchester
CO1 1TG

COUNTY BROADBAND LTD

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover	3	4,742,885	4,685,775
Cost of sales		(3,855,764)	(2,164,748)
Gross profit		887,121	2,521,027
Administrative expenses		(20,299,614)	(14,760,206)
Other operating income		-	6,826
Operating loss	4	(19,412,493)	(12,232,353)
Interest receivable and similar income	8	29,648	1,649
Interest payable and similar expenses	9	(8,364,077)	(5,054,359)
Loss before taxation		(27,746,922)	(17,285,063)
Tax on loss	10	-	-
Loss for the financial year		(27,746,922)	(17,285,063)

The income statement has been prepared on the basis that all operations are continuing operations.

COUNTY BROADBAND LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Loss for the year	(27,746,922)	(17,285,063)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(27,746,922)</u>	<u>(17,285,063)</u>

COUNTY BROADBAND LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		56,708,459		39,558,214
Current assets					
Debtors	12	932,485		942,409	
Cash at bank and in hand		1,391,829		5,131,862	
		<u>2,324,314</u>		<u>6,074,271</u>	
Creditors: amounts falling due within one year	13	<u>(4,238,893)</u>		<u>(4,327,712)</u>	
Net current (liabilities)/assets			<u>(1,914,579)</u>		<u>1,746,559</u>
Total assets less current liabilities			54,793,880		41,304,773
Creditors: amounts falling due after more than one year	14		<u>(118,375,133)</u>		<u>(77,139,104)</u>
Net liabilities			<u><u>(63,581,253)</u></u>		<u><u>(35,834,331)</u></u>
Capital and reserves					
Called up share capital			1,000		1,000
Share premium account			249,950		249,950
Profit and loss reserves			<u>(63,832,203)</u>		<u>(36,085,281)</u>
Total equity			<u><u>(63,581,253)</u></u>		<u><u>(35,834,331)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 4 April 2024 and are signed on its behalf by:

L I Felton - Chief Executive Officer
Director

Company Registration No. 04666043

COUNTY BROADBAND LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2022	1,000	249,950	(18,800,218)	(18,549,268)
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(17,285,063)	(17,285,063)
Balance at 31 December 2022	1,000	249,950	(36,085,281)	(35,834,331)
Year ended 31 December 2023:				
Loss and total comprehensive income for the year	-	-	(27,746,922)	(27,746,922)
Balance at 31 December 2023	1,000	249,950	(63,832,203)	(63,581,253)

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

County Broadband Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Old Bouchiers Hall, New Road, Aldham, Colchester, Essex, UK, CO6 3QU.

1.1 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.

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of County Broadband Holdings Limited. These consolidated financial statements are available from its registered office, Old Bouchiers Hall New Road, Aldham, Colchester, Essex, CO6 3QU .

1.2 Going concern

The company has net liabilities at the year end of circa £63.6m (2022: £35.8m) and net current liabilities of circa £1.9m (2022: £1.7m net assets) however the company holds a Development Finance Agreement with Aviva Investors Infrastructure Income No.6C1 Limited which provides significant funding for the ongoing development activities and operations of the business and the directors have received written confirmation from Aviva Investors Infrastructure Income No.6C1 Limited that said agreement provides for the company to meet its obligations for at least 12 months from the date these financial statements are signed. With this, the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

1.3 Turnover

Turnover from contracts for the provision of broadband services is recognised when it is earned. Subscription fees, consisting primarily of monthly charges for access to broadband and other internet access or voice services, are recognised as turnover over the associated subscription period. Turnover recognised as a result of promotional discounts and services are presented at their fair value of the consideration received.

Turnover from the sale of peripheral and other equipment are recognised when all of the significant risks and rewards of ownership are transferred to the buyer, which is normally the date the equipment is delivered and accepted by the customer or when installation takes place, if this is a different date.

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

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

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

Office improvements	25% Straight-line
Equipment & furniture & fittings	25% Straight-line
Office equipment	25% Straight-line
Established network & core build	12.5% Straight-line
Fibre build	5% and 12.5% Straight-line
CAP costs	25% Straight-line

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.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 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 in the company's statement of financial position 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the 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.

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.9 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.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received.

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Share based payments (note 8)

County Broadband Holdings Limited issued equity-settled share-based payments to certain employees of County Broadband Limited on their behalf. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the company's estimate of shares that will eventually vest. Fair value is measured by the use of most recent external fundraising valuations based on appropriate assumptions with reference to market and non-market conditions.

Depreciation and impairment

The company reviews depreciation policies applied on a regular basis to ensure they are still consistent and a fair reflection of the assets useful life.

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

No impairment has been identified to date.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2023 £	2022 £
Turnover analysed by class of business		
Services rendered	4,676,194	3,597,505
Grants received	849,158	1,704,351
Promotional sales	(168,592)	(189,188)
Installation sales	(613,875)	(426,893)
	4,742,885	4,685,775
	2023 £	2022 £
Other revenue		
Interest income	(29,648)	(1,649)

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

3 Turnover and other revenue

(Continued)

Above turnover breakdown is presented gross of discounts given for installation & promotional purposes. Adjustments for promotional sales and installation sales are both within the services rendered turnover class.

4 Operating loss

	2023	2022
Operating loss for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	1,195	(12,447)
Fees payable to the company's auditor for the audit of the company's financial statements	44,000	40,050
Depreciation of owned tangible fixed assets	1,959,972	1,371,352
Loss on disposal of tangible fixed assets	12,490	-
Share-based payments	2,071	2,197
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2023	2022
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	44,000	40,050
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was 277 (2022: 192)

	2023 Number	2022 Number
Senior Management	8	8
Mid Level Management	23	14
Administration	44	27
Sales/ Operations	33	25
Build/ Operations	90	65
Operations	67	29
Connections/ Operations	12	24
	<u> </u>	<u> </u>
	277	192
	<u> </u>	<u> </u>

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	361,693	390,600

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	191,653	210,600

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	29,648	1,649

9 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank overdrafts and loans	8,364,077	5,054,359

10 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Loss before taxation	(27,746,922)	(17,285,063)
Expected tax charge based on the standard rate of corporation tax in the UK of 0% (2022: 19.00%)	-	-
Taxation charge in the financial statements	-	-

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

11 Tangible fixed assets	Office improvements	Assets under construction	Equipment furniture & fittings	Office equipment	Established network & core build	Fibre build	CAP costs	Total
Cost	£	£	£	£	£	£	£	£
At 1 January 2023	11,572	13,950,506	899,229	588,074	1,552,933	25,561,132	28,938	42,592,384
Additions	-	18,388,733	141,343	128,148	367,113	104,918	-	19,130,255
Disposals	-	-	(609,835)	(42,049)	-	-	-	(651,884)
Transfers	-	(20,178,418)	-	-	-	20,178,418	-	-
At 31 December 2023	11,572	12,160,821	430,737	674,173	1,920,046	45,844,468	28,938	61,070,755
Depreciation and impairment								
At 1 January 2023	5,560	-	690,783	222,102	298,498	1,788,315	28,912	3,034,170
Depreciation charged in the year	2,893	-	113,565	147,718	222,259	1,473,512	25	1,959,972
Eliminated in respect of disposals	-	-	(609,835)	(22,011)	-	-	-	(631,846)
At 31 December 2023	8,453	-	194,513	347,809	520,757	3,261,827	28,937	4,362,296
Carrying amount								
At 31 December 2023	3,119	12,160,821	236,224	326,364	1,399,289	42,582,641	1	56,708,459
At 31 December 2022	6,012	13,950,506	208,446	365,972	1,254,435	23,772,817	26	39,558,214

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

11 Tangible fixed assets

(Continued)

Assets under construction represents cost of components, materials and labour required for fibre build projects. These components, materials and labour will be utilised on future projects as part of the expansion of infrastructure.

12 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	357,789	434,841
Other debtors	251,154	345,595
Prepayments and accrued income	323,542	161,973
	<u>932,485</u>	<u>942,409</u>

13 Creditors: amounts falling due within one year

	Notes	2023	2022
		£	£
Other borrowings	15	67,385	46,635
Trade creditors		417,430	2,343,322
Taxation and social security		201,159	233,146
Other creditors		1,131,140	526,615
Accruals and deferred income		2,421,779	1,177,994
		<u>4,238,893</u>	<u>4,327,712</u>

A fixed and floating charge created on 24 May 2019 in favour of Aviva Investors Infrastructure Income No.6 Limited exists over all the property and undertaking of the company.

A fixed charge created on 24 May 2019 in favour of Aviva Investors Infrastructure Income No.6 Limited exists over all the property and undertaking of the company.

A fixed and floating charge created on 24 March 2022 in favour of Aviva Investors Infrastructure Income No.6C1 Limited exists over all the property and undertaking of the company.

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Other borrowings	15	118,375,133	77,139,104

A fixed and floating charge created on 24 May 2019 in favour of Aviva Investors Infrastructure Income No.6 Limited exists over all the property and undertaking of the company.

A fixed charge created on 24 May 2019 in favour of Aviva Investors Infrastructure Income No.6 Limited exists over all the property and undertaking of the company.

A fixed and floating charge created on 24 March 2022 in favour of Aviva Investors Infrastructure Income No.6C1 Limited exists over all the property and undertaking of the company.

Other creditors includes loans from Aviva Investors Infrastructure Income No.6 Limited of £117,634,203 (2022: £76,400,245) which involve a monthly financial covenant that was not breached during the year.

15 Loans and overdrafts

	2023 £	2022 £
Loans from group undertakings	740,930	738,859
Other loans	117,701,588	76,446,880
	<u>118,442,518</u>	<u>77,185,739</u>
Payable within one year	67,385	46,635
Payable after one year	<u>118,375,133</u>	<u>77,139,104</u>

A fixed and floating charge created on 24 May 2019 in favour of Aviva Investors Infrastructure Income No.6 Limited exists over all the property and undertaking of the company.

A fixed charge created on 24 May 2019 in favour of Aviva Investors Infrastructure Income No.6 Limited exists over all the property and undertaking of the company.

A fixed and floating charge created on 24 March 2022 in favour of Aviva Investors Infrastructure Income No.6C1 Limited exists over all the property and undertaking of the company.

16 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>208,577</u>	<u>141,672</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

17 Share-based payment transactions

During the year, the company provided for £2,071 of previously held charges (2022: £2,197) which related to equity settled share based payment transactions.

	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 January 2023	162,902	147,889	0.15	0.15
Granted	966	24,392	0.15	0.15
Forfeited	(32,241)	(9,379)	0.15	0.15
Exercised	-	-	0.15	0.15
	<u>162,902</u>	<u>162,902</u>	<u>0.15</u>	<u>0.15</u>
Outstanding at 31 December 2023	131,627	162,902	0.15	0.15
	<u>131,627</u>	<u>162,902</u>	<u>0.15</u>	<u>0.15</u>
Exercisable at 31 December 2023	96,907	93,244	0.15	0.15
	<u>96,907</u>	<u>93,244</u>	<u>0.15</u>	<u>0.15</u>

The valuation of the share options price outstanding at the end of the year was £0.15 (2022: £0.15) and their weighted average contractual life was 10 years.

The following information is relevant in the determination of the fair value of options granted during the current and previous years under the equity-settled share based remuneration schemes operated by County Broadband Holdings Limited.

Inputs were as follows:

	2023	2022
Weighted average share price	0.46	0.46
Weighted average exercise price	0.46	0.46
Expected volatility	0.25	0.25
Risk free rate	0.01	0.01
	<u>0.46</u>	<u>0.46</u>

Liabilities and expenses

An external valuation was used to value the share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted.

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years of comparable publicly quoted companies.

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

18 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:

	2023 £	2022 £
Within one year	80,823	26,628
Between two and five years	63,648	10,174
	<u>144,471</u>	<u>36,802</u>

19 Financial commitments, guarantees and contingent liabilities

Contingent Asset

During the year the company made a claim against a former contractor in respect of liquidated damages for late delivery of projects, this figure has been calculated using the formula provided in the signed framework agreement put in place with the former contractor.

Should the company be successful, and having taken legal advice, the estimated claim would be in the region of £680 - £880k including estimated future legal fees.

Contingent Liability

During the year the company received a claim from a former contractor relating to claims for loss of earnings due to the level of work supplied not meeting expectations

The directors, having taken legal advice, have assessed that the likelihood that the former contractor's claim would succeed in court is less than probable but (acknowledging the inherent uncertainty in any legal dispute) is more than remote.

Should the claimant be successful the estimated liability would be in the region of £6.6 - £7.0 million, including estimated future legal fees.

20 Related party transactions

Transactions with related parties

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

At the year end the company owed £0 (2022: £1,214) to Letzrent Limited, a company of which Terfel Roberts is a Director and Shareholder.

During the year the company paid £10,800 (2022: £9,000) to Letzrent Limited, a company of which Terfel Roberts is a Director and Shareholder, for expenses in the year.

COUNTY BROADBAND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

21 Ultimate controlling party

The parent company of County Broadband Limited is County Broadband Holdings Limited.

The results of County Broadband Limited are consolidated within the group accounts of County Broadband Holdings Limited. The registered office of County Broadband Holdings Limited is Old Bouchiers Hall New Road, Aldham, Colchester, Essex, CO6 3QU and the financial statements of the group are available through Companies House for public inspection.

22 Directors' transactions

No guarantees have been given or received.

23 Parent company

County Broadband Ltd is a subsidiary of County Broadband Holdings Limited.

The results of County Broadband Ltd are consolidated within the group accounts of County Broadband Holdings Limited. The registered office of County Broadband Holdings Limited is Old Bouchiers Hall New Road, Aldham, Colchester, Essex, CO6 3QU and the financial statements of the group are available through Companies House for public inspection.

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