

ITS Technology Group Limited

Filleted Financial Statements
for the Year Ended 31 December 2019

ITS Technology Group Limited

Contents

Company Information	<u>1</u>
Balance Sheet	<u>2</u>
Statement of Changes in Equity	<u>3</u>
Notes to the Financial Statements	<u>4 to 10</u>

ITS Technology Group Limited

Company Information

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

ITS Technology Group Limited
(Registration number: 08786229)
Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	<u>4</u>	17,717	155,283
Tangible assets	<u>5</u>	1,365,468	696,913
Investments	<u>6</u>	2	2
		<u>1,383,187</u>	<u>852,198</u>
Current assets			
Stocks		-	37,101
Debtors	<u>7</u>	1,143,750	607,062
Cash at bank and in hand		<u>1,740,925</u>	<u>148,036</u>
		2,884,675	792,199
Creditors: Amounts falling due within one year	<u>8</u>	<u>(2,237,225)</u>	<u>(2,810,639)</u>
Net current assets/(liabilities)		<u>647,450</u>	<u>(2,018,440)</u>
Total assets less current liabilities		2,030,637	(1,166,242)
Creditors: Amounts falling due after more than one year	<u>8</u>	<u>(9,991,240)</u>	<u>(2,360,622)</u>
Net liabilities		<u>(7,960,603)</u>	<u>(3,526,864)</u>
Capital and reserves			
Called up share capital		16,858	15,002
Share premium reserve		7,158,433	6,673,709
Profit and loss account		<u>(15,135,894)</u>	<u>(10,215,575)</u>
Shareholders' deficit		<u>(7,960,603)</u>	<u>(3,526,864)</u>

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

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

Approved and authorised by the Board on 23 December 2020 and signed on its behalf by:

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Mr C S Kameen
Director

ITS Technology Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2019	15,002	6,673,709	(10,215,575)	(3,526,864)
Loss for the year	-	-	(4,920,319)	(4,920,319)
Total comprehensive income	-	-	(4,920,319)	(4,920,319)
New share capital subscribed	1,856	484,724	-	486,580
At 31 December 2019	16,858	7,158,433	(15,135,894)	(7,960,603)
	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2018	12,931	5,505,782	(7,104,867)	(1,586,154)
Loss for the year	-	-	(3,110,708)	(3,110,708)
Total comprehensive income	-	-	(3,110,708)	(3,110,708)
New share capital subscribed	2,071	1,167,927	-	1,169,998
At 31 December 2018	15,002	6,673,709	(10,215,575)	(3,526,864)

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

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

The address of its registered office is:

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

These financial statements have been prepared using the historical cost convention. The financial statements are prepared in sterling, which is the functional currency of the entity.

Group accounts not prepared

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

Going concern

The financial statements have been prepared on a going concern basis the validity of which depends on future profitable trading, the support of the directors, and certain other long term creditors disclosed in note 8. Should the company be unable to continue trading, adjustments would be necessary to reduce the value of assets to their recoverable amount, to provide for further liabilities which might arise and to reclassify fixed assets as current assets. Further details are included in note 11.

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 23 December 2020 was Darren Leigh FCCA, who signed for and on behalf of Abrams Ashton Ltd.

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Revenue recognition

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

Tangible assets

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

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

Depreciation

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

Asset class	Depreciation method and rate
Plant and machinery	25% straight line/20 years
Fixtures and fittings	20% straight line
Computer equipment	20% straight line

Goodwill

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

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

Research and development costs

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

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

Amortisation

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

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

Investments

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

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Defined contribution pension obligation

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 26 (2018 - 27).

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

4 Intangible assets

	Goodwill £	Development costs £	Total £
Cost or valuation			
At 1 January 2019	448,477	504,114	952,591
At 31 December 2019	448,477	504,114	952,591
Amortisation			
At 1 January 2019	351,477	445,831	797,308
Amortisation charge	79,283	58,283	137,566
At 31 December 2019	430,760	504,114	934,874
Carrying amount			
At 31 December 2019	17,717	-	17,717
At 31 December 2018	97,000	58,283	155,283

5 Tangible assets

	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2019	17,563	895,507	35,635	948,705
Additions	-	781,255	2,841	784,096
At 31 December 2019	17,563	1,676,762	38,476	1,732,801
Depreciation				
At 1 January 2019	15,229	212,681	23,882	251,792
Charge for the year	2,334	107,572	5,635	115,541
At 31 December 2019	17,563	320,253	29,517	367,333
Carrying amount				
At 31 December 2019	-	1,356,509	8,959	1,365,468
At 31 December 2018	2,334	682,826	11,753	696,913

6 Investments

2019 £	2018 £
2	2

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Subsidiaries	£
Cost or valuation	
At 1 January 2019	2,927
Provision	
At 1 January 2019	<u>2,925</u>
Carrying amount	
At 31 December 2019	<u><u>2</u></u>
At 31 December 2018	<u><u>2</u></u>

Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
ITS Hammersmith and Fulham Limited	Elm House Farm Saughton Lane Chester CH3 6EN England and Wales	Ordinary	100%	100%
ITS Telecom Services Limited	Elm House Farm Saughton Lane Chester CH3 6EN England and Wales	Ordinary	100%	100%
ITS Nottingham Limited	Elm House Farm Saughton Lane Chester CH3 6EN England and Wales	Ordinary	100%	100%
Bnet Ultra Limited	Elm House Farm Saughton Lane Chester CH3 6EN England and Wales	Ordinary	100%	100%

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

7 Debtors

	2019 £	2018 £
Trade debtors	787,295	456,317
Prepayments and accrued income	94,707	150,745
Other debtors	261,748	-
	<u>1,143,750</u>	<u>607,062</u>

8 Creditors

Creditors: amounts falling due within one year

	2019 £	2018 £
Due within one year		
Trade creditors	1,015,284	445,937
Taxation and social security	320,478	92,882
Accruals and deferred income	636,537	476,013
Other creditors	264,926	1,795,807
	<u>2,237,225</u>	<u>2,810,639</u>

Creditors: amounts falling due after more than one year

	2019 £	2018 £
Due after one year		
Other creditors	<u>9,991,240</u>	<u>2,360,622</u>
	2019 £	2018 £
Due after more than five years		
After more than five years not by instalments	<u>9,991,240</u>	<u>-</u>

Creditors include a loan facility agreement which is secured by a debenture over all assets of the company totalling £9,991,240 (2018 - £1,939,752) .

9 Reserves

Share premium account - This reserve records the amount above the normal nominal value for shares sold.
Profit and loss account - This reserve records retained earnings and accumulated losses.

ITS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

10 Related party transactions

Included in creditors due after more than one year as at 31 December 2019 is £9,991,240 due to Aviva Investors Infrastructure Income No.6B Limited, the majority shareholder of the ultimate parent company ITS (Holdco) Ltd, and interest payable during the year at 9% was £37,018.

11 Going concern

During 2019 ITS Technology Group Limited (ITS) secured a significant investment from Aviva Investors, the global asset management business of Aviva Plc, to fund and accelerate the company's full fibre roll out plan. The need for fibre in the UK is now at the forefront of the political agenda and ITS has a team, the capability and now the financial means to realise this market opportunity. The Aviva facility provides ITS with capital investment to fund the network build and working capital to cover financial losses whilst ITS grows and matures as a business. ITS is in the early stages of its development and the directors are satisfied with the progress to date, notwithstanding current year losses before tax totalling £5,093,201 sustained and net liabilities as at 31 December 2019 of £7,960,603 (2018 £3,526,864) . The directors have received written notification from Aviva that the facility agreement, of which £9,991,840 had been utilised as at 31 December 2019, enables the company to meet its obligations for at least 12 months from the date these financial statements are signed. On this basis the directors have concluded that the company will be able to meet its liabilities as they fall due for the foreseeable future and hence it is appropriate to continue to adopt the going concern basis in the preparation of these financial statements.

12 Non adjusting events after the financial period

Since the company's year-end, the country and indeed the rest of the world has been affected by the Covid-19 pandemic. The directors have taken steps to deal with the financial impact of this and whilst there is uncertainty around the length of time the Covid-19 pandemic will last and the full economic impact on the economy, the directors believe that from the measures that it has taken it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

7 Waterside Court

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.

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