

# ITS Technology Group Limited

Filleted Financial Statements  
for the Year Ended 31 December 2021

Abrams Ashton Ltd  
Chartered Accountants & Statutory Auditors  
7 Waterside Court  
St. Helens  
Merseyside  
WA9 1UA

**ITS Technology Group Limited**

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# ITS Technology Group Limited

## Company Information

<b>Directors</b>	Mr D A S Baythorpe Mr K D Gaskell Mr I Shervell Mr S K McLachlan Mr A Simpson
<b>Company secretary</b>	Mr C S Kameen
<b>Registered office</b>	6600 Cinnabar Court Daresbury Park Daresbury Warrington Cheshire WA4 4GE
<b>Auditors</b>	Abrams Ashton Ltd Chartered Accountants & Statutory Auditors 7 Waterside Court St. Helens Merseyside WA9 1UA

# **ITS Technology Group Limited**

## **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities 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 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.

**ITS Technology Group Limited**  
**(Registration number: 08786229)**  
**Balance Sheet as at 31 December 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	<u>4</u>	220,692	66,324
Tangible assets	<u>5</u>	18,100,189	6,897,512
Investments	<u>6</u>	2,003,890	2
Debtors: amounts falling due after more than one year	<u>7</u>	2,633,613	-
		<u>22,958,384</u>	<u>6,963,838</u>
<b>Current assets</b>			
Stocks		16,044	-
Debtors	<u>8</u>	5,496,804	1,914,410
Cash at bank and in hand		473,048	1,881,290
		5,985,896	3,795,700
<b>Creditors: Amounts falling due within one year</b>	<u>9</u>	<u>(7,204,723)</u>	<u>(2,796,373)</u>
<b>Net current (liabilities)/assets</b>		<u>(1,218,827)</u>	<u>999,327</u>
<b>Total assets less current liabilities</b>		21,739,557	7,963,165
<b>Creditors: Amounts falling due after more than one year</b>	<u>9</u>	<u>(34,890,072)</u>	<u>(18,364,665)</u>
<b>Net liabilities</b>		<u>(13,150,515)</u>	<u>(10,401,500)</u>
<b>Capital and reserves</b>			
Called up share capital		16,858	16,858
Share premium reserve		7,158,433	7,158,433
Revaluation reserve		180,624	56,077
Retained earnings		<u>(20,506,430)</u>	<u>(17,632,868)</u>
Shareholders' deficit		<u>(13,150,515)</u>	<u>(10,401,500)</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 15 December 2022 and signed on its behalf by:

.....  
Mr A Simpson  
Director

# ITS Technology Group Limited

## Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2021	16,858	7,158,433	56,077	(17,632,868)	(10,401,500)
Loss for the year	-	-	-	(2,873,562)	(2,873,562)
Other comprehensive income	-	-	124,547	-	124,547
Total comprehensive income	-	-	124,547	(2,873,562)	(2,749,015)
At 31 December 2021	16,858	7,158,433	180,624	(20,506,430)	(13,150,515)
	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2020	16,858	7,158,433	-	(15,135,894)	(7,960,603)
Loss for the year	-	-	-	(2,496,974)	(2,496,974)
Other comprehensive income	-	-	56,077	-	56,077
Total comprehensive income	-	-	56,077	(2,496,974)	(2,440,897)
At 31 December 2020	16,858	7,158,433	56,077	(17,632,868)	(10,401,500)

# **ITS Technology Group Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **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:  
6600 Cinnabar Court Daresbury Park  
Daresbury  
Warrington  
Cheshire  
WA4 4GE  
England

### **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 smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the notes to the accounts, certain items are shown at their fair value. 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 10. 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 16 December 2022 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 2021

### 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.

### Government grants

Grants are credited to deferred revenue. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

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

An increase in the carrying amount of an asset as a result of a revaluation is recognised on other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of a revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

### 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 -Passive network	5% straight line
Plant and machinery -Active network	20% straight line
Fixtures and fittings	20% straight line
Computer equipment	20% straight line
Motor vehicles	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.



# ITS Technology Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 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
Computer software	5 years

### Investments

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

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### Defined contribution pension obligation

Contributions to defined contribution plans are recognised as an expense in the period in which they are paid.

## 3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 60 (2020 - 36).

# ITS Technology Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 4 Intangible assets

	Goodwill £	Development costs £	Internally generated software development costs £	Total £
<b>Cost or valuation</b>				
At 1 January 2021	448,477	504,114	83,105	1,035,696
Additions acquired separately	-	-	177,920	177,920
At 31 December 2021	448,477	504,114	261,025	1,213,616
<b>Amortisation</b>				
At 1 January 2021	448,477	504,114	16,781	969,372
Amortisation charge	-	-	23,552	23,552
At 31 December 2021	448,477	504,114	40,333	992,924
<b>Carrying amount</b>				
At 31 December 2021	-	-	220,692	220,692
At 31 December 2020	-	-	66,324	66,324

### 5 Tangible assets

	IP Addresses £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Motor vehicles £
<b>Cost or valuation</b>					
At 1 January 2021	194,112	22,424	7,334,649	91,559	4,000
Revaluations	124,547	-	-	-	-
Additions	-	8,704	11,816,521	37,736	4,253
At 31 December 2021	318,659	31,128	19,151,170	129,295	8,253
<b>Depreciation</b>					
At 1 January 2021	-	19,746	682,719	42,767	4,000
Charge for the year	-	3,429	766,811	18,561	283
At 31 December 2021	-	23,175	1,449,530	61,328	4,283
<b>Carrying amount</b>					
At 31 December 2021	318,659	7,953	17,701,640	67,967	3,970
At 31 December 2020	194,112	2,678	6,651,930	48,792	-

# ITS Technology Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

	Total £
<b>Cost or valuation</b>	
At 1 January 2021	7,646,744
Revaluations	124,547
Additions	<u>11,867,214</u>
At 31 December 2021	<u>19,638,505</u>
<b>Depreciation</b>	
At 1 January 2021	749,232
Charge for the year	<u>789,084</u>
At 31 December 2021	<u>1,538,316</u>
<b>Carrying amount</b>	
At 31 December 2021	<u>18,100,189</u>
At 31 December 2020	<u>6,897,512</u>

### Revaluation

The fair value of the company's IP Addresses were revalued on 31 December 2021. An independent valuer was not involved.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £138,035 (2020 - £138,035).

## 6 Investments

	2021 £	2020 £
Investments in subsidiaries	2	2
Investments in joint ventures	<u>2,003,888</u>	<u>-</u>
	<u>2,003,890</u>	<u>2</u>

### Subsidiaries

	£
<b>Cost or valuation</b>	
At 1 January 2021	2,927
<b>Provision</b>	
At 1 January 2021	<u>2,925</u>
<b>Carrying amount</b>	
At 31 December 2021	<u>2</u>
At 31 December 2020	<u>2</u>

# ITS Technology Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

<b>Joint ventures</b>	<b>£</b>
<b>Cost</b>	
Additions	<u>2,003,888</u>
<b>Provision</b>	
<b>Carrying amount</b>	
At 31 December 2021	<u><u>2,003,888</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	
			2021	2020
Subsidiary undertakings				
ITS Hammersmith and Fulham Limited	6600 Cinnabar Court Daresbury Park Warrington WA4 4GE  England and Wales	Ordinary	100%	100%
ITS Telecom Services Limited	6600 Cinnabar Court Daresbury Park Warrington WA4 4GE  England and Wales	Ordinary	100%	100%
ITS Nottingham Limited	6600 Cinnabar Court Daresbury Park Warrington WA4 4GE  England and Wales	Ordinary	100%	100%
Bnet Ultra Limited	6600 Cinnabar Court Daresbury Park Warrington WA4 4GE  England and Wales	Ordinary	100%	100%
Joint ventures				
Liverpool City Region Digital Limited	6600 Cinnabar Court Daresbury Park Warrington WA4 4GE	Ordinary	25%	25%

# ITS Technology Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

Undertaking	Registered office	Holding	Proportion of voting rights and shares held
	England and Wales		

### 7 Debtors: amounts falling due after more than one year

Included in fixed assets is a loan to Liverpool City Region Digital Limited of £2,633,613 that is repayable 15 years from February 2021.

# ITS Technology Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 8 Debtors

	2021 £	2020 £
<b>Current</b>		
Trade debtors	5,091,749	1,380,824
Prepayments and accrued income	320,909	282,212
Other debtors	84,146	251,374
	<u>5,496,804</u>	<u>1,914,410</u>

### 9 Creditors

#### Creditors: amounts falling due within one year

	2021 £	2020 £
<b>Due within one year</b>		
Trade creditors	1,654,733	881,192
Taxation and social security	155,528	84,621
Accruals and deferred income	1,283,088	316,776
Other creditors	4,111,374	1,513,784
	<u>7,204,723</u>	<u>2,796,373</u>

#### Creditors: amounts falling due after more than one year

	2021 £	2020 £
<b>Due after one year</b>		
Other creditors	<u>34,890,072</u>	<u>18,364,665</u>
	<b>2021 £</b>	<b>2020 £</b>
<b>Due after more than five years</b>		
After more than five years not by instalments	<u>34,890,072</u>	<u>18,364,665</u>

Creditors includes a loan facility agreement which is secured by a debenture over all assets of the company totalling £34,890,072 ( 2020 - £18,364,665 ) .

### 10 Related party transactions

Included in creditors due after more than one year as at 31 December 2021 is £34,890,072 (2020 - £18,364,665) due to Aviva Investors Infrastructure Income No.6B Limited, the majority shareholder of the ultimate parent company ITS (Holdco) Ltd. Interest payable during the year at 9% was £3,624,910 (2020 - £1,142,394) and these amounts are included within creditors.

The company had the following transactions and balances with joint venture company, Liverpool City Region Digital Limited, Sales £595,626, Loan receivable £2,633,613 and Trade debtor £19,200.

# **ITS Technology Group Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **11 Going concern**

During 2022 ITS Technology Group Limited (ITS) secured additional 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 £3,051,861 sustained and net liabilities as at 31 December 2021 of £13,150,515 ( 2020 £10,401,500) . The directors have received written notification from Aviva that the facility agreement, of which £34,890,072 had been utilised as at 31 December 2021, 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 year end the company acquired a wholly owned subsidiary company on 9th September 2022, for a total consideration of £16.5m in cash and acquisition costs. The cost of the acquisition was funded out of ITS Technology Groups existing facility agreement.

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.