

Company registration number 13606854 (England and Wales)

PROJECT AIRSCOPE BIDCO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 FEBRUARY 2022

PROJECT AIRSCOPE BIDCO LIMITED

COMPANY INFORMATION

Directors	D M Beswick	(Appointed 21 February 2022)
	S Gale	(Appointed 21 February 2022)
	N Rhind	(Appointed 11 January 2022)
	M Stapleton	(Appointed 21 February 2022)
	D B Alderson	(Appointed 21 February 2022)
	R M A Ibbett	(Appointed 21 February 2022)

Company number 13606854

Registered office Express Networks 2
3 George Leigh Street
Manchester
M4 5DL

Auditor Cowgill Holloway LLP
Regency House
45-53 Chorley New Road
Bolton
BL1 4QR

PROJECT AIRSCOPE BIDCO LIMITED

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PROJECT AIRSCOPE BIDCO LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 28 FEBRUARY 2022

The directors present the strategic report for the period ended 28 February 2022.

Fair review of the business

The company was incorporated on 7 September 2021 and on 21 February 2022, acquired shares in 8 subsidiaries, forming a new corporate group. The principal activity of the group is that of digital agencies.

The main trading subsidiary, CTI Digital Limited has operated since 2003. Over the years our team has built a reputation within the digital agency sector. We use digital strategy, technical support and integrated marketing to create industry-leading experiences for our clients and their customers.

Over a number of years, the CTI trading group has grown through various targeted acquisitions, developing and expanding services offered. Services provided across the group include digital strategy and consultancy, creative web design, digital marketing, CMS websites, web applications, Ecommerce websites, hosting and support. We also provide services across multiple industries including Higher Education, Public Sector, Retail, SME's, Charities, Memberships and Associations, Leisure, Professional Services, Arts and Culture, Health and Fitness.

The group statement of comprehensive income includes income and costs for the various companies included in the new corporate group since it was formed on 21 February 2022. The loss reported for this period is a result of time apportionment of all subsidiaries financial performance for a 7-day period, up to the groups reporting period end of 28 February 2022. The new corporate group includes 5 trading subsidiaries which are all profitable for the period ended 28 February 2022. The loss reported for the group principally is a result of goodwill amortisation charged on consolidation and the minimal profit time apportionment from its subsidiaries.

The directors are pleased with the underlying performance of the group in the period, principally the growth in business and increased profitability of its trading subsidiaries. CTI Digital Limited has achieved an impressive £4.2m growth in turnover, representing 66.7% increase, which in turn has contributed to the significant profit after tax of £1.2m (2021: £1.1m). The other trading subsidiaries have also achieved comparative growth in turnover and profitability based on their client portfolios. This growth in both turnover and profitability is forecast to continue in 2023 and 2024 in-line with the group's strategy.

As our business continues to grow, we have added additional people and strengthened our management team. One of our strategic objectives is to recruit and retain the best employees and our previously granted EMI share options, which were exercised in 2022, have proven extremely successful, engaging key employees in the group's growth and success to date.

As at 28 February 2022, the group has net assets of £14.1m, which the directors believe places the group in a strong and stable financial position.

PROJECT AIRSCOPE BIDCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

Principal risks and uncertainties

In determining whether the group's accounts can be prepared on a going concern basis, the directors considered the group's business activities together with the factors likely to affect its future development, performance, its financial position including cash flows, liquidity position, borrowing facilities and the risks and uncertainties in relation to its business activities. The directors regularly review these factors to ensure that any risks are recognised and managed effectively.

The group uses various financial instruments including loans, hire purchase, finance leases, trade credit and other creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing these risks.

The principal risks affecting the business are as follows:

Liquidity risk

The group seeks to manage financial risk by ensuring liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The group finances its operations through a combination of retained profits, loans, finance leases and hire purchase contracts. The group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Foreign currency risk

The group's principal foreign currency exposures arose from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

Credit risk

The principal credit risk arises from the group's trade debtors.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Key performance indicators

The group reviews and monitors its performance against a number of key performance indicators both financial and non-financial. The principal measures include revenue growth, improvement of profit margins, management of cash flows and maintaining customer service levels. These are reviewed by the management team and reported to the Board on a monthly basis.

The Directors have, and will continue, to monitor all of the KPIs and daily operating controls and maintain a strong focus on increasing performance in all aspects of the business.

Future developments

The directors will continue to monitor sales growth, profit margins, cash flow in the forthcoming year. The group's growth strategy is based around strong customer partnerships and continued utilisation of experienced staff across all service offerings and industries.

On 1 July 2022, the group acquired an additional trading subsidiary, Silverchip Limited. This company is a Northwest based application development company, which further strengthens the service offering of the group.

PROJECT AIRSCOPE BIDCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

On behalf of the board

M Stapleton
Director

4 November 2022

PROJECT AIRSCOPE BIDCO LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 28 FEBRUARY 2022

The directors present their annual report and financial statements for the period ended 28 February 2022.

Principal activities

The company was incorporated on 7 September 2021 and the principal activity of the company is that of a holding company.

The principal activity of the group is that of digital agencies.

Results and dividends

The results for the period are set out on page 10.

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

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

Directors

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

D M Beswick	(Appointed 21 February 2022)
S Gale	(Appointed 21 February 2022)
N Rhind	(Appointed 11 January 2022)
M Stapleton	(Appointed 21 February 2022)
D B Alderson	(Appointed 21 February 2022)
R M A Ibbett	(Appointed 21 February 2022)
A G Secretarial Limited	(Appointed 7 September 2021 and resigned 11 January 2022)
R Hart	(Appointed 7 September 2021 and resigned 11 January 2022)
INHOCO Formations Limited	(Appointed 7 September 2021 and resigned 11 January 2022)

Auditor

Cowgill Holloway LLP were appointed as auditor to the company and deemed to be reappointed under section 487(2) of the Companies Act 2006.

PROJECT AIRSCOPE BIDCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

Statement of directors' responsibilities

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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

M Stapleton
Director

4 November 2022

PROJECT AIRSCOPE BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROJECT AIRSCOPE BIDCO LIMITED

Opinion

We have audited the financial statements of Project Airscope Bidco Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 28 February 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 group's and the parent company's affairs as at 28 February 2022 and of the group's loss for the period 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 group and parent 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 group's and parent 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 period 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.

PROJECT AIRSCOPE BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PROJECT AIRSCOPE BIDCO LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

PROJECT AIRSCOPE BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PROJECT AIRSCOPE BIDCO LIMITED

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussions with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the company's license to operate. We identified the following areas as those most likely to have such an effect: laws related to health and safety, employment law and data protection.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

We design procedures in line with our responsibilities, outlined below to detect material misstatement due to fraud:

- Matters are discussed amongst the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud
- Identifying and assessing the design and effectiveness of controls that management have in place to prevent and detect fraud
- Detecting and responding to the risks of fraud following discussions with management and enquiring as to whether management have knowledge of any actual, suspected or alleged fraud;

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.

PROJECT AIRSCOPE BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PROJECT AIRSCOPE BIDCO LIMITED

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.

Caroline Snape (Senior Statutory Auditor)
For and on behalf of Cowgill Holloway LLP

4 November 2022

Chartered Accountants
Statutory Auditor

Regency House
45-53 Chorley New Road
Bolton
BL1 4QR

PROJECT AIRSCOPE BIDCO LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 28 FEBRUARY 2022

	Notes	Period ended 28 February 2022 £
Turnover	3	103,122
Cost of sales		(8,120)
Gross profit		<u>95,002</u>
Administrative expenses		(190,193)
Operating loss	4	<u>(95,191)</u>
Interest payable and similar expenses	8	(10,005)
Loss before taxation		<u>(105,196)</u>
Tax on loss	9	1,518
Loss for the financial period	25	<u><u>(103,678)</u></u>

(Loss)/profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

PROJECT AIRSCOPE BIDCO LIMITED

GROUP BALANCE SHEET

AS AT 28 FEBRUARY 2022

	Notes	2022 £	£
Fixed assets			
Goodwill	10	52,760,313	
Other intangible assets	10	6,025,261	
Total intangible assets		58,785,574	
Tangible assets	11	439,833	
			59,225,407
Current assets			
Debtors	14	4,976,978	
Cash at bank and in hand		1,799,031	
		6,776,009	
Creditors: amounts falling due within one year	15	(4,990,920)	
Net current assets			1,785,089
Total assets less current liabilities			61,010,496
Creditors: amounts falling due after more than one year	16		(44,614,007)
Provisions for liabilities			
Provisions	19	838,724	
Deferred tax liability	20	1,408,351	
			(2,247,075)
Net assets			14,149,414
Capital and reserves			
Called up share capital	23		136,442
Share premium account	24		14,116,650
Profit and loss reserves	25		(103,678)
Total equity			14,149,414

The financial statements were approved by the board of directors and authorised for issue on 4 November 2022 and are signed on its behalf by:

M Stapleton
Director

Company registration number 13606854 (England and Wales)

PROJECT AIRSCOPE BIDCO LIMITED

COMPANY BALANCE SHEET

AS AT 28 FEBRUARY 2022

	Notes	2022 £	£
Fixed assets			
Investments	12		60,556,400
Current assets			
Debtors	14	1,627,943	
Creditors: amounts falling due within one year	15	(2,850,979)	
Net current liabilities			(1,223,036)
Total assets less current liabilities			59,333,364
Creditors: amounts falling due after more than one year	16	(44,449,920)	
Net assets			14,883,444
Capital and reserves			
Called up share capital	23		136,442
Share premium account	24		14,116,650
Profit and loss reserves	25		630,352
Total equity			14,883,444

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £630,352.

The financial statements were approved by the board of directors and authorised for issue on 4 November 2022 and are signed on its behalf by:

M Stapleton
Director

Company registration number 13606854 (England and Wales)

PROJECT AIRSCOPE BIDCO LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 28 FEBRUARY 2022

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 7 September 2021		-	-	-	-
Period ended 28 February 2022:					
Loss and total comprehensive income for the period		-	-	(103,678)	(103,678)
Issue of share capital	23	136,442	-	-	136,442
Other movements		-	14,116,650	-	14,116,650
Balance at 28 February 2022		136,442	14,116,650	(103,678)	14,149,414

PROJECT AIRSCOPE BIDCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 28 FEBRUARY 2022

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 7 September 2021		-	-	-	-
Period ended 28 February 2022:					
Profit and total comprehensive income for the period		-	-	630,352	630,352
Issue of share capital	23	136,442	-	-	136,442
Other movements		-	14,116,650	-	14,116,650
Balance at 28 February 2022		136,442	14,116,650	630,352	14,883,444

PROJECT AIRSCOPE BIDCO LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 28 FEBRUARY 2022

	Notes	2022 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	28	864,289	
Interest paid		(10,005)	
Tax movement		1,408,530	
Net cash inflow/(outflow) from operating activities			2,262,814
Investing activities			
Purchase of intangible assets		(58,889,506)	
Purchase of tangible fixed assets		(441,925)	
Proceeds from disposal of tangible fixed assets		(6,180)	
Net cash used in investing activities			(59,337,611)
Financing activities			
Proceeds from issue of shares		14,253,092	
Proceeds from borrowings		39,449,920	
Proceeds from new bank loans		5,000,000	
Proceeds of finance lease acquisitions		170,816	
Net cash generated from/(used in) financing activities			58,873,828
Net increase in cash and cash equivalents			1,799,031
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			1,799,031

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 FEBRUARY 2022

1 Accounting policies

Company information

Project Airscope Bidco Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Express Network 2, 3 George Leigh Street, Manchester, M4 5DL.

The group consists of Project Airscope Bidco Limited and all of its subsidiaries.

1.1 Reporting period

The company was incorporated on 7 September 2021 and has prepared accounts to 28 February 2022, in order to align the accounting reference date with other group companies.

1.2 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.

The 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 for parent company information presented within the consolidated financial statements:

- 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.

1.3 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.4 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Project Airscope Bidco Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 28 February 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.5 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This is based on continued support from group companies. Included in creditors: amounts falling due within one year is £1,708,068 due to subsidiary undertakings. Although technically this group debt is payable on demand, repayment will not be sought until cash flow permits. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.8 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	20% p.a. straight line basis
Brand	20% p.a. straight line basis
Order backlog	25% p.a. straight line basis

1.9 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:

Leasehold improvements	20% p.a. straight line basis and 25% p.a. reducing balance basis
Fixtures and fittings	20% p.a. straight line basis and 15-20% p.a. reducing balance basis
Computers	20-33% p.a. straight line basis and 20% p.a. reducing balance basis

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 recognised in the profit and loss account.

1.10 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.12 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.

1.13 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

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.

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 group 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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.14 Equity instruments

Equity instruments issued by the group 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 group.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.17 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.

1.18 Retirement benefits

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

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

1 Accounting policies

(Continued)

1.19 Share-based payments

The group has issued share options to certain directors and employees. These must be measured at fair value and recognised as an expense in the profit and loss with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using the option-pricing model. The fair value will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

1.20 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Intangible fixed assets

The useful economic life of both goodwill and separately identifiable intangible fixed assets have been estimated by the director of the group to ensure an appropriate amortisation charge is recognised each year.

3 Turnover

2022

£

Turnover analysed by class of business

Digital services

103,122

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

4 Operating loss

2022
£

Operating loss for the period is stated after charging/(crediting):

Exchange gains	(1,406)
Depreciation of owned tangible fixed assets	2,092
Loss on disposal of tangible fixed assets	6,180
Amortisation of intangible assets	103,932
Operating lease charges	(13,273)
	<u><u> </u></u>

5 Auditor's remuneration

2022
£

Fees payable to the company's auditor and associates:

For audit services

Audit of the financial statements of the group and company	2,500
Audit of the financial statements of the company's subsidiaries	1,096
	<u><u> </u></u>
	3,596

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

	Group 2022 Number	Company 2022 Number
Employees	171	-
	<u><u> </u></u>	<u><u> </u></u>

Their aggregate remuneration comprised:

	Group 2022 £	Company 2022 £
Wages and salaries	220,187	-
Social security costs	24,614	-
Pension costs	2,858	-
	<u><u> </u></u>	<u><u> </u></u>
	247,659	-

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

7 Directors' remuneration

	2022 £
Remuneration for qualifying services	5,925
Company pension contributions to defined contribution schemes	637
	<u>6,562</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounts to 4.

8 Interest payable and similar expenses

	2022 £
Interest on financial liabilities measured at amortised cost:	
Interest on bank overdrafts and loans	9,767
Other finance costs:	
Interest on finance leases and hire purchase contracts	237
Other interest	1
	<u>10,005</u>

9 Taxation

	2022 £
Deferred tax	
Origination and reversal of timing differences	10,439
Changes in tax rates	(11,957)
	<u>(1,518)</u>

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

9 Taxation

(Continued)

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

	2022 £
Loss before taxation	(105,196)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(19,987)
Tax effect of expenses that are not deductible in determining taxable profit	4,603
Tax effect of income not taxable in determining taxable profit	(313,500)
Unutilised tax losses carried forward	2,989,203
Adjustments in respect of prior years	(121,337)
Effect of change in corporation tax rate	2,004
Research and development tax credit	(164,553)
Tax relief on share options	(2,377,951)
Taxation credit	(1,518)

10 Intangible fixed assets

Group	Goodwill £	Software £	Brand £	Order backlog £	Total £
Cost					
At 7 September 2021	-	-	-	-	-
Additions - internally developed	-	127,814	-	-	127,814
Additions - separately acquired	52,861,692	-	-	-	52,861,692
Additions - business combinations	-	-	4,900,000	1,000,000	5,900,000
At 28 February 2022	52,861,692	127,814	4,900,000	1,000,000	58,889,506
Amortisation and impairment					
At 7 September 2021	-	-	-	-	-
Amortisation charged for the period	101,379	2,553	-	-	103,932
At 28 February 2022	101,379	2,553	-	-	103,932
Carrying amount					
At 28 February 2022	52,760,313	125,261	4,900,000	1,000,000	58,785,574

The company had no intangible fixed assets at 28 February 2022.

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

11 Tangible fixed assets

Group	Leasehold improvements £	Fixtures and fittings £	Computers £	Total £
Cost				
At 7 September 2021	-	-	-	-
Additions	27,906	331,948	82,071	441,925
At 28 February 2022	27,906	331,948	82,071	441,925
Depreciation and impairment				
At 7 September 2021	-	-	-	-
Depreciation charged in the period	198	1,352	542	2,092
At 28 February 2022	198	1,352	542	2,092
Carrying amount				
At 28 February 2022	27,708	330,596	81,529	439,833

The company had no tangible fixed assets at 28 February 2022.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2022 £	Company 2022 £
Fixtures and fittings	178,826	-

12 Fixed asset investments

	Notes	Group 2022 £	Company 2022 £
Investments in subsidiaries	13	-	60,556,400

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

12	Fixed asset investments	(Continued)
	Movements in fixed asset investments	
	Company	Shares in subsidiaries £
	Cost or valuation	
	At 7 September 2021	-
	Additions	60,556,400
		<hr/>
	At 28 February 2022	60,556,400
		<hr/>
	Carrying amount	
	At 28 February 2022	60,556,400
		<hr/> <hr/>

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

13 Subsidiaries

Details of the company's subsidiaries at 28 February 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
CTI Holdings Limited	1	Holding company	Ordinary	100.00	-
CTI Digital Limited	1	Digital agency	Ordinary	0	100.00
Ixis IT Limited	1	Digital agency	Ordinary	0	100.00
Mosquito Digital Limited	1	Digital agency	Ordinary	0	100.00
Worship Digital Limited	1	Digital agency	Ordinary	0	100.00
Stardotstar Limited	1	Dormant	Ordinary	0	100.00
CTI Investments Limited	1	Dormant	Ordinary	0	100.00
Nublu Limited	1	Website design services	Ordinary	0	100.00

Registered office addresses (all UK unless otherwise indicated):

1 Express Networks 2, 3 George Leigh Street, Manchester, M4 5DL

14 Debtors

	Group 2022 £	Company 2022 £
Amounts falling due within one year:		
Trade debtors	2,556,902	-
Corporation tax recoverable	1,339	-
Amounts owed by group undertakings	-	414,561
Other debtors	382,992	166,382
Prepayments and accrued income	1,065,293	156,714
	<u>4,006,526</u>	<u>737,657</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	970,452	890,286
	<u>970,452</u>	<u>890,286</u>
Total debtors	<u>4,976,978</u>	<u>1,627,943</u>

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

15 Creditors: amounts falling due within one year

	Notes	Group 2022 £	Company 2022 £
Obligations under finance leases	18	51,729	-
Trade creditors		1,259,520	500,000
Amounts owed to group undertakings		-	1,708,068
Other taxation and social security		749,414	-
Deferred income	21	207,706	-
Other creditors		145,888	-
Accruals and deferred income		2,576,663	642,911
		<u>4,990,920</u>	<u>2,850,979</u>

16 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	Company 2022 £
Bank loans and overdrafts	17	5,000,000	5,000,000
Obligations under finance leases	18	119,087	-
Other borrowings	17	39,449,920	39,449,920
Other creditors		45,000	-
		<u>44,614,007</u>	<u>44,449,920</u>

Loan notes totalling £19,724,964 are secured by way of a fixed and floating charge over all assets of the company.

The bank loan is secured by way of a fixed charge over all assets of the company.

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	<u>44,449,920</u>	<u>44,449,920</u>
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17 Loans and overdrafts

	Group 2022 £	Company 2022 £
Bank loans	5,000,000	5,000,000
Other loans	39,449,920	39,449,920
	<u>44,449,920</u>	<u>44,449,920</u>
Payable after one year	<u>44,449,920</u>	<u>44,449,920</u>

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

17 Loans and overdrafts

(Continued)

The bank loan is repayable in full by 21 February 2028 and is subject to interest at a rate of 4% p.a., adjusted for the compounded reference rate.

Other creditors includes loan notes which are repayable in full by 21 February 2029 and are subject to interest at a rate of 10% p.a.

18 Finance lease obligations

	Group 2022 £	Company 2022 £
Future minimum lease payments due under finance leases:		
Within one year	51,729	-
In two to five years	119,087	-
	<u>170,816</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Provisions for liabilities

	Group 2022 £	Company 2022 £
Dilapidations provision	150,000	-
Onerous contract provision	688,724	-
	<u>838,724</u>	<u>-</u>

Movements on provisions:

	Dilapidations provision £	Onerous contract provision £	Total £
Group			
Additional provisions in the year	<u>150,000</u>	<u>688,724</u>	<u>838,724</u>

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £
Group	
Accelerated capital allowances	1,426,164
Short term timing differences	(17,813)
	<u>1,408,351</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
Movements in the period:		
Liability on acquisition of subsidiaries	1,406,833	-
Charge to profit or loss	1,518	-
	<u>1,408,351</u>	<u>-</u>
Liability at 28 February 2022	<u>1,408,351</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse within and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature.

21 Deferred income

	Group 2022 £	Company 2022 £
Other deferred income	207,706	-
	<u>207,706</u>	<u>-</u>

22 Retirement benefit schemes

	2022 £
Defined contribution schemes	
Charge to profit or loss in respect of defined contribution schemes	2,858
	<u>2,858</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

23 Share capital

Group and company	2022	2022
Ordinary share capital	Number	£
Issued and fully paid		
Ordinary A shares of 20p each	200,000	40,000
Ordinary A1 Shares of 40p each	2,506	1,002
Ordinary B shares of 40p each	223,560	89,424
Ordinary C shares of 40p each	15,039	6,016
	<u>441,105</u>	<u>136,442</u>

On 7th September 2021, 1 Ordinary share of £1.00 each was issued at par.

On 28th January 2022, 1 Ordinary share of £1.00 each was issued at par.

On 21st February 2021, 2 Ordinary shares of £1.00 were reclassified and subdivided to 5 Ordinary B shares of £0.40 each.

On 21st February 2021, the following share issues occurred:

- 198,500 Ordinary A1 shares of £0.20 each, were issued at a premium of £1.00 each.
- 1,500 Ordinary A1 shares of £0.20 each, were issued at a premium of £4.10 each.
- 2,506 Ordinary A2 shares of £0.40 each, were issued at a premium of £4.10 each.
- 110,121 Ordinary B shares of £0.40 each, were issued at a premium of £62.37 each.
- 3,960 Ordinary B shares of £0.40 each, were issued at a premium of £62.35 each.
- 36,543 Ordinary B shares of £0.40 each, were issued at a premium of £62.44 each.
- 32,279 Ordinary B shares of £0.40 each, were issued at a premium of £62.45 each.
- 19,550 Ordinary B shares of £0.40 each, were issued at a premium of £62.69 each.
- 1,754 Ordinary B shares of £0.40 each, were issued at a premium of £63.21 each.
- 19,348 Ordinary B shares of £0.40 each, were issued at a premium of £63.42 each.
- 15,039 Ordinary C shares of £0.40 each, were issued at a premium of £4.10 each.

24 Share premium account

Includes any premium received on issue of share capital. Any transaction costs allocated with the issuing of shares are deducted from the share premium.

25 Profit and loss reserves

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

26 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	Company 2022 £
Within one year	890,872	-
Between two and five years	44,642	-
	<u>935,514</u>	<u>-</u>

27 Related party transactions

The company has taken advantage of the exemption available in accordance with Financial Reporting Standard, section 33, not to disclose transactions entered into between two or more members of a group, where any subsidiary party to the transaction is wholly owned.

28 Cash generated from/(absorbed by) group operations

	2022 £
Loss for the period after tax	(103,678)
Adjustments for:	
Taxation credited	(1,518)
Finance costs	10,005
Loss on disposal of tangible fixed assets	6,180
Amortisation and impairment of intangible assets	103,932
Depreciation and impairment of tangible fixed assets	2,092
Increase in provisions	838,724
Movements in working capital:	
Increase in debtors	(4,975,639)
Increase in creditors	4,776,485
Increase in deferred income	207,706
Cash generated from/(absorbed by) operations	<u><u>864,289</u></u>

PROJECT AIRSCOPE BIDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2022

29 Analysis of changes in net debt - group

	7 September 2021 £	Cash flows £	28 February 2022 £
Cash at bank and in hand	-	1,799,031	1,799,031
Borrowings excluding overdrafts	-	(44,449,920)	(44,449,920)
Obligations under finance leases	-	(170,816)	(170,816)
	<hr/>	<hr/>	<hr/>
	-	(42,821,705)	(42,821,705)
	<hr/>	<hr/>	<hr/>

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.