Consolidated Financial Statements

Fibrus Networks Ltd

For the year ended 31 March 2021

Registered number: NI612703

Company Information

Directors	Michele Armanini (appointed 26 November 2020) Thomas Crawley (appointed 19 May 2020) Conal Henry (appointed 11 June 2020) Dominic Kearns Iris Ivkovic (appointed 3 June 2021)
Company secretary	Dominic Kearns
Registered number	NI612703
Registered office	Lanyon Plaza West Tower 8 Lanyon Place Belfast BT1 3LP
Independent auditor	Grant Thornton (NI) LLP Chartered Accountants & Statutory Auditors 12 - 15 Donegall Square West Belfast BT1 6JH
Bankers	Danske Bank P.O Box 183 Donegall Square West Belfast BT1 6JS
Solicitors	Tughans Solicitors 30 Victoria Street Belfast BT1 3GG
	Carson McDowell LLP Murray House Murray Street Belfast BT1 6DN

Fibrus Networks Ltd

Contents

Grant Thornton

Independent auditor's report to the members of Fibrus Networks Ltd

Opinion

We have audited the financial statements of Fibrus Networks Ltd (the 'parent Company') and its subsidiaries (the 'Group'), which comprise the Consolidated Statement of Comprehensive income, the Consolidated and Company Balance sheets, the Consolidated and Company Statement of changes in equity for the financial year ended 31 March 2021, and the related notes to the financial statements, including a summary of 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, Fibrus Networks Ltd's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Group's and the Company as at 31 March 2021 and of the Group financial performance for the financial year then ended; 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 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. 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 or the parent Company's ability to continue as a going concern for a period of at least twelve months from the date 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.

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Independent auditor's report to the members of Fibrus Networks Ltd (continued)

Other matter

For the financial year ended 31 March 2020, the group was not required to obtain audited financial statements as the company qualified as small under company law and availed of the small company audit exemption. Therefore, the corresponding figures have not been audited.

Other information

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon, including the Directors' report . The directors are responsible for the other information. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment we have obtained in the course of the audit, we have not identified material misstatements in 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; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a Group strategic report or in preparing the Directors' report.

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Independent auditor's report to the members of Fibrus Networks Ltd (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 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, management is responsible for assessing the Group and 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 management either intend to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

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Independent auditor's report to the members of Fibrus Networks Ltd (continued)

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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.

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Data Protection laws, Employment Laws and Health and Safety Laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and applicable tax laws. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

The group engagement team shared the risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

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Independent auditor's report to the members of Fibrus Networks Ltd (continued)

In response to these principal risks, our audit procedures included but were not limited to:
- inquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's regulatory and legal correspondence and review of minutes of the board of directors meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including estimating the useful lives of depreciable assets, estimating allowance for the impairment of intangible and tangible assets, estimating allowance for the impairment of receivables and stocks;
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management; and
- we requested information from component auditors on instances of non-compliance with laws or regulations that could give rise to a material misstatement of the group financial statements.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

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.

Louise Kelly

Louise Kelly (Senior statutory auditor)

for and on behalf of
Grant Thornton (NI) LLP

Chartered Accountants
Statutory Auditors

Belfast

4/2/22

Fibrus Networks Ltd

Registered number:NI612703

Consolidated balance sheet

As at 31 March 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	5		8,839,378		-
Tangible assets	6		35,391,249		1,102,829
			44,230,627		1,102,829
Current assets					
Stocks	8	4,221,114		28,833	
Debtors: amounts falling due after more than one year	9	120,000		-	
Debtors: amounts falling due within one year	9	4,583,465		321,429	
Cash at bank and in hand	10	16,245,419		40,787	
		25,169,998		391,049	
Creditors: amounts falling due within one year	11	(71,236,316)		(1,384,620)	
Net current liabilities			(46,066,318)		(993,571)
Total assets less current liabilities			(1,835,691)		109,258
Net (liabilities)/assets			(1,835,691)		109,258
Capital and reserves					
Called up share capital	12		100		100
Share premium account			20,000		20,000
Profit and loss account			(1,855,826)		89,158
Equity attributable to owners of the parent Company			(1,835,726)		109,258
Non-controlling interests			35		-
Shareholders' deficit/(funds)			(1,835,691)		109,258

Consolidated balance sheet (continued)
As at 31 March 2021

The group financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the consolidated profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
04/02/2022

....
Dominic Kearns
Director

The notes on pages 10 to 25 form part of these financial statements.

Fibrus Networks Ltd

Registered number:NI612703

Company balance sheet
As at 31 March 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	5		**8,839,378**		-
Tangible assets	6		**35,391,249**		1,102,829
Investments	7		**65**		-
			44,230,692		1,102,829
Current assets					
Stocks	8	**4,221,114**		28,833	
Debtors: amounts falling due after more than one year	9	**120,000**		-	
Debtors: amounts falling due within one year	9	**4,583,430**		321,429	
Cash at bank and in hand	10	**16,245,419**		40,787	
		25,169,963		391,049	
Creditors: amounts falling due within one year	11	**(71,236,381)**		(1,384,620)	
Net current liabilities			**(46,066,418)**		(993,571)
Total assets less current liabilities			**(1,835,726)**		109,258
Net (liabilities)/assets			**(1,835,726)**		109,258
Capital and reserves					
Called up share capital	12		**100**		100
Share premium account			**20,000**		20,000
Profit and loss account			**(1,855,826)**		89,158
Shareholders' deficit			**(1,835,726)**		109,258

Company balance sheet (continued)
As at 31 March 2021

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the consolidated profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
04/02/2022

....
Dominic Kearns
Director

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Notes to the financial statements
For the year ended 31 March 2021

1. General information

Fibrus Networks Ltd is a private company limited by shares and incorporated in Northern Ireland. The registered office is Lanyon Plaza west Tower, 8 Lanyon Place, Belfast, Northern Ireland, BT1 3LP.

The principal activity of the group is that of a hyperfast fibre broadband provider.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.3 Going concern

The Group has incurred a loss for the financial year of £1,944,984 (2020: £150,644) and had net liabilities of £1,835,691 (2020: £109,258 net assets) at the balance sheet date.

The Group is primarily focused on its rapidly growing broadband business for its future prosperity and is actively engaged in accelerating the roll out across Northern Ireland. This will result in a significant increase in turnover and EBITDA in future years. During the year, the Group continued to use the funds from its primary investor in the form of interest free loans and the Group has access to significant additional funding from investors and credit institutions to fund the continued roll out and expansion of the network.

For this reason, the financial statements have been prepared on a going concern basis, which presumes the realisation of assets and liabilities in the normal course of business.

The year under review has seen significant growth as the Company progresses in its goal to bring meaningful connectivity to rural and regional communities. In November 2020, the Company was successful in bidding for Project Stratum under which it will receive £165m in order to bring connectivity to 76,000 premises across Northern Ireland and, in January 2022, an additional £32m was awarded to bring a further 8,500 harder to reach premises into scope of the project. In January 2021 the Company was awarded the £23m FFNI contract to provide connectivity to 969 government sites across Northern Ireland. By 31 December 2021 we had passed over 100,000 premises with Project Stratum comprising more than 20% of these. The Company is currently in a start-up phase and made an operating loss of £2m for the year while it invested over £40m in building its hyperfast broadband network. To fund the network build it had drawn £51m in funding from shareholders as at 31 March 2021 and in the ten months subsequent to this has drawn a further £19m.

2.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated balance sheet immediately below goodwill.

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.6 Turnover

Turnover is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Turnover from the provision of telecommunications services with respect to broadband and other add-on services are recognised when the service is rendered. Turnover is stated net of discount and value added taxes.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated profit and loss account in the same period as the related expenditure.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.13 Intangible assets

Purchased intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Software development	-	over 5 years
Licences	-	over 20 years

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	5 - 33% Straight line
Office equipment	-	20 - 33% Straight line
Computer equipment	-	20 - 33% Straight line
Assets under construction	-	Nil

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Stocks

Stocks comprise mainly of items concerned with the build of network and connection of customers. Stocks are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the stocks to their present location and condition. Net realisable value is the estimated selling price less costs to complete and sell.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated statement of comprehensive income.

2.18 Debtors

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

2.19 Cash and cash equivalents

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

2.20 Creditors

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

2.21 Financial instruments

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

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

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.21 Financial instruments (continued)

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgements, estimates and assumptions used in the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates, and the effect of any change in estimates will be adjusted in the financial statements when they become reasonably determinable.

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under these circumstances.

Judgements

In the process of applying the Group and Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

As described in the basis of preparation and going concern in Note 2.3 above, the validity of the going concern basis is dependent upon the Group's continued growth and roll out of its hyperfast fibre broadband. After making enquiries and considering the matters referred to in Note 2.3, the directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimating useful lives of depreciable assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The directors annually review these asset lives and adjust them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have significant impact on depreciation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined, and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

Estimating allowance for impairment losses on intangible and tangible assets

The Group and Company assess impairment on intangible and tangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group and Company consider important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group and Company are required to make estimates and assumptions that can materially affect the financial statements.

An impairment loss would be recognised whenever evidence exists that the carrying value is not recoverable.

Notes to the financial statements

For the year ended 31 March 2021

3. Judgments in applying accounting policies (continued)

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognised and charged to the consolidated statement of comprehensive income if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the risk-free rate of interest for a term consistent with the period of expected cash flows.

Estimating allowance for impairment of receivables
The Group maintains provisions for impaired accounts at a level considered adequate to provide for probable uncollectible receivables. The level of this provision is regularly evaluated and normally consists of past due accounts that are neither subject of ongoing negotiations with management to revise payment schedules nor secured with any collateral. The Group considers account balances aged over ninety (90) days as past due.

Estimating allowance for impairment on stocks
Management estimates the net realisable values of stocks, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

4. Employees

The average monthly number of employees, including directors, during the year was 110 (2020 -8).

Notes to the financial statements

For the year ended 31 March 2021

5. Intangible assets

Group and Company

	Licences	Software development	Total
	£	£	£
Cost			
Additions	8,500,000	339,378	8,839,378
At 31 March 2021	8,500,000	339,378	8,839,378
Net book value			
At 31 March 2021	8,500,000	339,378	8,839,378
At 31 March 2020	-	-	-

6. Tangible fixed assets

Group and Company

	Network assets	Office equipment	Computer equipment	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2020	1,264,171	1,939	2,427	-	1,268,537
Additions	9,195,573	123,961	-	25,151,541	34,471,075
At 31 March 2021	10,459,744	125,900	2,427	25,151,541	35,739,612
Depreciation					
At 1 April 2020	163,159	1,568	982	-	165,709
Charge for the year	181,580	343	731	-	182,654
At 31 March 2021	344,739	1,911	1,713	-	348,363
Net book value					
At 31 March 2021	10,115,005	123,989	714	25,151,541	35,391,249
At 31 March 2020	1,101,012	372	1,445	-	1,102,829

7. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	**65**
At 31 March 2021	**65**

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Country of incorporation	Principal activity	Class of shares	Holding
Fibrus Networks (FFNI) Ltd	Northern Ireland	Non-trade	Ordinary	65%

The registered office of Fibrus Networks (FFNI) Limited is Lanyon Plaza West Tower, 8 Lanyon Place, Belfast, BT1 3LP.

8. Stocks

	Group 2021 £	Group 2020 £	**Company 2021 £**	Company 2020 £
Work in progress	**4,221,114**	28,833	**4,221,114**	28,833
	4,221,114	28,833	**4,221,114**	28,833

The difference between purchase price of stocks and their replacement cost is not material.

Notes to the financial statements

For the year ended 31 March 2021

9. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Other debtors	**120,000**	-	**120,000**	-
	120,000	-	**120,000**	-

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due within one year				
Trade debtors	**167,437**	174,077	**167,437**	174,077
Amounts owed by group undertakings	**4,485**	82,059	**4,450**	82,059
Amounts owed by related parties	**63,224**	-	**63,224**	-
Other debtors	**4,216,505**	24,980	**4,216,505**	24,980
Prepayments and accrued income	**131,814**	40,313	**131,814**	40,313
	4,583,465	321,429	**4,583,430**	321,429

Amounts owed to group undertakings and related parties are unsecured, interest free and repayable on demand.

10. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	**16,245,419**	40,787	**16,245,419**	40,787
Less: bank overdrafts	-	(303,413)	-	(303,413)
	16,245,419	(262,626)	**16,245,419**	(262,626)

Notes to the financial statements
For the year ended 31 March 2021

11. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	-	303,413	-	303,413
Trade creditors	**4,778,527**	434,816	**4,778,527**	434,816
Amounts owed to group undertakings	**418,693**	600,000	**418,693**	600,000
Amounts owed to related parties	**49,669,985**	31,871	**49,670,050**	31,871
Other taxation and social security	**152,434**	9,266	**152,434**	9,266
Other creditors	**144,471**	2,754	**144,471**	2,754
Accruals and deferred income	**16,072,206**	2,500	**16,072,206**	2,500
	71,236,316	1,384,620	**71,236,381**	1,384,620

Amounts owed to group undertakings and related parties are unsecured, interest free and repayable on demand.

12. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 (2020 -100) Ordinary Shares shares of £1.00 each	**100**	100

13. Capital commitments

At 31 March 2021 the Group and Company had capital commitments as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Contracted for but not provided in these financial statements	**24,000,000**	-	**24,000,000**	-
	24,000,000	-	**24,000,000**	-

Notes to the financial statements

For the year ended 31 March 2021

14. Related party transactions

The company has availed of the exemption in FRS 102 Section 33, Paragraph 33.1A which allows non-disclosure of transactions between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

During the year, Fibrus Ltd transferred its entire trade and assets to Fibrus Networks Ltd totaling £1,676,398 (2020: £Nil). Fibrus Ltd also advanced loans to the group of £50,617,151 (2020: £NIL). The Group made purchases from Fibrus Ltd of £7,228 (2020: £Nil). The Group wrote off an amount due to Fibrus Ltd of £20,833 (2020: £Nil). At 31 March 2021, there is an amount owing to Fibrus Ltd of £48,957,469 (2020: £30,321). Fibrus Ltd and Fibrus Networks Ltd are related by virtue of their shareholding.

During the year, the group paid expenses on behalf of Viberoptix Opco Ltd totaling £63,224 (2020: Nil). At 31 March 2020, there is an amount owing by Viberoptix Opco Ltd of £63,224 (2020: £Nil). Fibrus Networks Ltd and Viberoptix Opco Ltd are related by virtue of their shareholding.

During the year, the group wrote off an amount owing to B4B Group Ltd of £Nil (2020: £250,500). At 31 March 2021 there is an amount owing to B4B Group Ltd of £Nil (2020: £Nil). Fibrus Networks Ltd and B4B Group Ltd are related by virtue of their shareholding.

During the year, the group wrote off an amount owing to B4B Group Holdings Ltd of £600,000. At 31 March 2021 there is an amount owing to B4B Group Ltd of £Nil (2020: £600,000). Fibrus Networks Ltd and B4B Group Holdings Ltd are related by virtue of their shareholding.

During the period the group paid £1,270,064 (2020: £Nil) on behalf of Ox (Holdco) Limited in respect of restructuring and other professional costs incurred. Total amounts advanced to the group from Ox (Holdco) Limited were £1,982,580 (2020: £Nil). At 31 March 2021 there is an amount owing to Ox (Holdco) Limited of £712,516 (2020: £Nil). Ox (Holdco) Limited and Fibrus Networks Ltd are related by virtue of their shareholding.

During the year, the group wrote off an amount owing to Fenix Solutions Ltd of £1,550 (2020: £Nil). At 31 March 2021 there is an amount owing to Fenix Solutions Ltd of £Nil (£1,550). Fibrus Networks Ltd and Fenix Solutions Ltd are related by virtue of their shareholding.

During the year, B4B Telecoms Ltd paid expenses on behalf of the Group of £632,163 (2020: Nil). The company wrote off an amount of £199,683 (2020: £Nil) during the year. At 31 March 2021, there is an amount owing to B4B Telecoms Ltd of £418,693 (2020: amount owing by B4B Telecoms Ltd of £13,788). Fibrus Networks Ltd and B4B Telecoms Ltd are related by virtue of their shareholding.

During the year, the group wrote off an amount owing by B4B Technology Ltd of £65,985 (2020: £Nil). At 31 March 2021, there is an amount owing by B4B Technology Ltd of £Nil (2020: £68,271). Fibrus Networks Ltd and B4B Technology Ltd are related by virtue of their shareholding.

15. Post balance sheet events

As well as the ongoing monitoring of the impact of the COVID-19 pandemic as referred to in the directors' report, after the year end the Group was awarded an additional £32m to bring a further 8,500 harder to reach premises into scope of the project.

Notes to the financial statements
For the year ended 31 March 2021

16. Controlling party

The immediate parent of the company is Acorn Holdco II Limited, a company registered in Northern Ireland.

The ultimate parent undertaking of the Company is B4B Telecoms Group Limited, a company incorporated in Northern Ireland.

The ultimate controlling party of the Group is Infracapital Greenfield Partners II (Euro) SCSp and Infracapital Greenfield Partners II (Sterling) SCSp.

The results of Fibrus Networks Ltd are not consolidated in any group company.