

**REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021
FOR
HIGHLAND NETWORK LIMITED**

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FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021**

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HIGHLAND NETWORK LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021**

DIRECTORS:

D P Alldritt
J J E Fletcher
R Gilbert
C D Goodman
K L Macleod
D J Siegel

REGISTERED OFFICE:

Oykel House
Cradlehall Business Park
Inverness
IV2 5GH

REGISTERED NUMBER:

SC154414 (Scotland)

ACCOUNTANTS:

Watson Associates
30 - 34 North Street
Hailsham
East Sussex
BN27 1DW

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021**

The directors present their report with the financial statements of the company for the period 1 April 2021 to 30 November 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of a business to business communications service provider supporting a partner channel and thousands of end-user customers with a wide range of progressive and transformational connectivity and telecommunications products and services.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

D P Alldritt
K L Macleod
D J Siegel

Other changes in directors holding office are as follows:

J J E Fletcher - appointed 9 April 2021
R Gilbert - appointed 9 April 2021
C D Goodman - appointed 9 April 2021
S C Macrae - resigned 9 April 2021
D M Siegel - resigned 9 April 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HIGHLAND NETWORK LIMITED (REGISTERED NUMBER: SC154414)

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

J J E Fletcher - Director

31 August 2022

HIGHLAND NETWORK LIMITED (REGISTERED NUMBER: SC154414)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021**

	Notes	Period 1.4.21 to 30.11.21 £	Year Ended 31.3.21 £
TURNOVER		7,847,439	11,362,234
Cost of sales		<u>(5,239,956)</u>	<u>(8,083,831)</u>
GROSS PROFIT		2,607,483	3,278,403
Administrative expenses		<u>(2,366,750)</u>	<u>(3,264,306)</u>
		240,733	14,097
Other operating income		<u>-</u>	<u>309,749</u>
OPERATING PROFIT	5	240,733	323,846
Interest receivable and similar income		<u>-</u>	<u>9,565</u>
		240,733	333,411
Interest payable and similar expenses		<u>(6,555)</u>	<u>(134,332)</u>
PROFIT BEFORE TAXATION		234,178	199,079
Tax on profit	6	<u>68,138</u>	<u>(41,880)</u>
PROFIT FOR THE FINANCIAL PERIOD		302,316	157,199
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>302,316</u>	<u>157,199</u>

The notes form part of these financial statements

HIGHLAND NETWORK LIMITED (REGISTERED NUMBER: SC154414)

**BALANCE SHEET
30 NOVEMBER 2021**

	Notes	2021 £	2021 £
FIXED ASSETS			
Intangible assets	7	46,922	205,307
Tangible assets	8	<u>618,911</u>	<u>786,068</u>
		<u>665,833</u>	<u>991,375</u>
CURRENT ASSETS			
Stocks		106,396	79,322
Debtors	9	1,133,419	1,183,762
Cash at bank		<u>581,313</u>	<u>427,749</u>
		1,821,128	1,690,833
CREDITORS			
Amounts falling due within one year	10	<u>(1,451,917)</u>	<u>(2,073,856)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>369,211</u>	<u>(383,023)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,035,044	608,352
CREDITORS			
Amounts falling due after more than one year	11	-	(9,149)
PROVISIONS FOR LIABILITIES	13	<u>(102,393)</u>	<u>(85,118)</u>
NET ASSETS		<u>932,651</u>	<u>514,085</u>
CAPITAL AND RESERVES			
Called up share capital	14	2	2
Share premium		165,750	-
Other reserves		-	215,250
Retained earnings		<u>766,899</u>	<u>298,833</u>
SHAREHOLDERS' FUNDS		<u>932,651</u>	<u>514,085</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 30 November 2021.

The members have not required the company to obtain an audit of its financial statements for the period ended 30 November 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

BALANCE SHEET - continued
30 NOVEMBER 2021

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

The financial statements were approved by the Board of Directors and authorised for issue on 31 August 2022 and were signed on its behalf by:

J J E Fletcher - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 April 2020	2	141,634	-	215,250	356,886
Changes in equity					
Total comprehensive income	-	157,199	-	-	157,199
Balance at 31 March 2021	2	298,833	-	215,250	514,085
Changes in equity					
Issue of share capital	-	-	165,750	-	165,750
Total comprehensive income	-	302,316	-	-	302,316
Revaluation	-	-	-	(49,500)	(49,500)
Transfer	-	165,750	-	(165,750)	-
Balance at 30 November 2021	2	766,899	165,750	-	932,651

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021**

1. STATUTORY INFORMATION

Highland Network Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its useful economic life of 4 - 10 years. Goodwill is reviewed annually by the directors for any impairment.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Telecoms subscriptions are being amortised evenly over their estimated useful life of ten years.

IP addresses are being amortised evenly over their estimated useful life of twenty years.

Customer databases are being amortised evenly over their estimated useful life of ten years.

Website development is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Communicator & Horizon	- 33% on cost
Fixtures and fittings	- 15% on reducing balance and 10% on cost
Network Assets	- 10% on cost
Computer equipment	- 33% on cost

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 the profit and loss account 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 "other income" within profit or loss in the same period as the related expenditure.

Stocks

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Debt instruments that are payable or receivable within one year, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received; other debt instruments are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method.

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 profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only 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.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

No significant judgements have had to be made by management in preparing these financial statements.

There were no key assumptions made concerning the future, and other key sources of estimation uncertainty at the 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021

4. EMPLOYEES AND DIRECTORS

The average number of employees during the period was 44 (2021 - 44) .

5. OPERATING PROFIT

The operating profit is stated after charging:

	Period 1.4.21 to 30.11.21 £	Year Ended 31.3.21 £
Depreciation - owned assets	111,478	170,097
Telecoms subscriptions amortisation	8,555	25,807
IP & Customer databases amortisation	4,709	6,794
Website development amortisation	<u>780</u>	<u>282</u>

6. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the period was as follows:

	Period 1.4.21 to 30.11.21 £	Year Ended 31.3.21 £
Current tax:		
UK corporation tax	(81,527)	95,852
Prior year tax adjustment	<u>(3,886)</u>	<u>-</u>
Total current tax	<u>(85,413)</u>	<u>95,852</u>
Deferred tax	<u>17,275</u>	<u>(53,972)</u>
Tax on profit	<u>(68,138)</u>	<u>41,880</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021

7. INTANGIBLE FIXED ASSETS

	Goodwill £	Telecoms subscriptions £	IP & Customer databases £	Website development £	Totals £
COST					
At 1 April 2021	567,890	293,040	135,887	4,832	1,001,649
Additions	-	-	10,742	7,159	17,901
Impairments	-	-	-	(4,832)	(4,832)
At 30 November 2021	<u>567,890</u>	<u>293,040</u>	<u>146,629</u>	<u>7,159</u>	<u>1,014,718</u>
AMORTISATION					
At 1 April 2021	567,890	198,074	30,096	282	796,342
Amortisation for period	-	8,555	4,709	780	14,044
Charge written back	-	-	-	(282)	(282)
Impairments	-	86,411	71,281	-	157,692
At 30 November 2021	<u>567,890</u>	<u>293,040</u>	<u>106,086</u>	<u>780</u>	<u>967,796</u>
NET BOOK VALUE					
At 30 November 2021	<u>-</u>	<u>-</u>	<u>40,543</u>	<u>6,379</u>	<u>46,922</u>
At 31 March 2021	<u>-</u>	<u>94,966</u>	<u>105,791</u>	<u>4,550</u>	<u>205,307</u>

Included in the carrying amount of IP Addresses held at 30 November 2021 was £nil (Mar-21: £52,347) in respect of the assets held under finance leases. The amortisation charge for the year was £nil (Mar-21: £2,949) in respect of these assets.

All finance and hire purchase leases were repaid during the year.

8. TANGIBLE FIXED ASSETS

	Communicator & Horizon £	Fixtures and fittings £	Network Assets £	Computer equipment £	Totals £
COST					
At 1 April 2021	60,972	613,187	1,271,339	211,026	2,156,524
Additions	-	-	19,655	51,245	70,900
At 30 November 2021	<u>60,972</u>	<u>613,187</u>	<u>1,290,994</u>	<u>262,271</u>	<u>2,227,424</u>
DEPRECIATION					
At 1 April 2021	60,972	432,656	711,899	164,929	1,370,456
Charge for period	-	22,982	64,581	23,915	111,478
Charge written back	-	-	-	(9,992)	(9,992)
Impairments	-	136,571	-	-	136,571
At 30 November 2021	<u>60,972</u>	<u>592,209</u>	<u>776,480</u>	<u>178,852</u>	<u>1,608,513</u>
NET BOOK VALUE					
At 30 November 2021	<u>-</u>	<u>20,978</u>	<u>514,514</u>	<u>83,419</u>	<u>618,911</u>
At 31 March 2021	<u>-</u>	<u>180,531</u>	<u>559,440</u>	<u>46,097</u>	<u>786,068</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021

8. TANGIBLE FIXED ASSETS - continued

Included in the carrying amount of Network Assets held at 30 November 2021 was £nil (Mar-21: £29,051) in respect of assets held under finance and hire purchase leases. The depreciation charge for the year was £nil (Mar-21: £3,486) in respect of these assets.

Included in the carrying amount of Computer Equipment held at 30 November 2021 was £nil (Mar-21: £28,496) in respect of assets held under finance and hire purchase leases. The depreciation charge for the year was £nil (Mar-21: £11,118) in respect of these assets.

All finance and hire purchase leases were repaid during the year.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2021 £
Trade debtors	189,061	332,289
Amounts owed by group undertakings	243,861	-
Other debtors	700,497	851,473
	<u>1,133,419</u>	<u>1,183,762</u>

Other debtors includes amounts owed by D M Siegel a former director of the company £45,216 (Mar-21: £226,833).

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2021 £
Hire purchase contracts	-	31,652
Trade creditors	716,398	734,549
Taxation and social security	420,166	560,019
Other creditors	315,353	747,636
	<u>1,451,917</u>	<u>2,073,856</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2021 £
Hire purchase contracts	<u>-</u>	<u>9,149</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	2021 £	2021 £
Other loans	-	187,500
Hire purchase contracts	<u>-</u>	<u>40,801</u>
	<u>-</u>	<u>228,301</u>

The Bank of Scotland holds a bond and floating charge over the whole assets of the company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021

13. PROVISIONS FOR LIABILITIES

	2021 £	2021 £
Deferred tax	<u>102,393</u>	<u>85,118</u>
		Deferred tax
		£
Balance at 1 April 2021		85,118
Charge to Income Statement during period		<u>17,275</u>
Balance at 30 November 2021		<u>102,393</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2021 £	2021 £
2,424	Ordinary	£0.001	<u>2</u>	<u>2</u>

375 Ordinary shares of £0.001 each were allotted as fully paid at a premium of 441.999 per share during the period.

15. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the period ended 30 November 2021 and the year ended 31 March 2021:

	2021 £	2021 £
D J Siegel		
Balance outstanding at start of period	170,794	151,603
Amounts advanced	22,313	19,467
Amounts repaid	(175,011)	(276)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u>18,096</u>	<u>170,794</u>

16. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

17. CONTROLLING PARTY

The immediate parent undertaking is H N T Bidco Ltd. The ultimate parent undertaking is Shoreham TopCo Limited, a company registered in Jersey.

The company is under the control of Shoreham TopCo Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2021 TO 30 NOVEMBER 2021

18. SHARE-BASED PAYMENT TRANSACTIONS

125 £0.001 Enterprise Management Incentive (EMI) share options each were granted to participating employees on 21 May 2015. The exercise price is £442 per option share and the options are constituted by the share option agreement. Three employees participate in the EMI share scheme, with each employee obtaining options of over 5 % of the company's shareholding.

The EMI option scheme is an equity-settled share-based payment transaction. As required by Section 26 of the accounting standard FRS102 an assessment of the fair value of the EMI options was carried out by the directors. Following the fair value assessment it was determined that an adjustment to the value of £215,250 was required to be provided at 31st March 2021.

The EMI share options were exercised on 7 April 2021 at a value of £165,750.

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.