

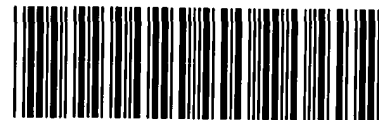
# Financial Statements

## Hibernia Atlantic (UK) Limited

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For the year ended 31 December 2020

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COMPANIES HOUSE

**Registered number: 04513136**

## **Hibernia Atlantic (UK) Limited**

### **Company Information**

<b>Directors</b>	Christopher McKee (resigned 11 October 2019, reappointed 30 October 2020) Anthony Hansel Daniel Fraser (appointed 11 October 2019, resigned 22 September 2020) Michael Winston (appointed 11 October 2019, resigned 30 October 2020)
<b>Company secretary</b>	York Place Company Secretaries Limited
<b>Registered number</b>	04513136
<b>Registered office</b>	5 <sup>th</sup> Floor 40 Strand London WC2N 5RW England
<b>Statutory auditor</b>	Grant Thornton Chartered Accountants & Statutory Auditors 13-18 City Quay Dublin 2
<b>Bankers</b>	Royal Bank of Scotland 60 - 63 Threadneedle Street PO Box 412 London EC2R 8LA

**Hibernia Atlantic (UK) Limited**

**Directors' Report**

**For the year ended 31 December 2020**

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## **Hibernia Atlantic (UK) Limited**

# **Directors' Report**

**For the year ended 31 December 2020**

The directors present their report and the financial statements of Hibernia Atlantic (UK) Limited ("the Company") for the year ended 31 December 2020.

### **Principal activity**

The Company is part of telecommunications group Exa Infrastructure. On 17 September 2021, I Squared Capital completed the purchase of the Europe-wide, subsea and North American network infrastructure and data centre assets previously owned by GTT Communications. The new group (Exa Infrastructure) now serves customers across 103,000 route kilometres of fibre network that connects 300 cities. This vast network includes dense metropolitan footprints, connected by multiple inter-city routes and pan-continental subsea cables.

### **Results and dividends**

The loss for the year, after taxation, amounted to £2,276,884 (2019 profit £1,930,523).

No dividends were paid or proposed during the year (2019 £Nil).

### **Directors**

The Directors who served during the year were:

Christopher McKee (appointed 9 January 2017, resigned 11 October 2019, reappointed 30 October 2020)

Daniel Fraser (appointed 11 October 2019, resigned 22 September 2020)

Anthony Hansel

Michael Winston (appointed 11 October 2019, resigned 30 October 2020)

### **Political and charitable donations**

There were no individual political or charitable donations made during the year (2019: Nil).

### **Future developments**

It is the intention of the Directors to continue to develop the current activities of the Company.

### **Research and development activities**

The Company did not engage in any research and development activities during the year.

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Implications of COVID-19 on our business**

With regards to COVID 19 Pandemic started in February 2020 and unfortunately still ongoing, we noted that this exceptional event did not impact our business (telecommunication business). Our operating capability remains unaffected by the restrictions. However, as more stringent access protocols have been imposed across Europe and the US, GTT first and now Exa are also ensuring adherence to health and safety guidelines for all of our employees and offices, our clients, and the community by following the recommendations of local public health authorities as well as local landlord requirements in all of our locations globally. We continue to work closely with the relevant stakeholders and our critical supply chains to manage and minimize any potential impact to the operation or delivery of client services.

## **Hibernia Atlantic (UK) Limited**

### **Directors' Report**

**For the year ended 31 December 2020**

#### **Post balance sheet events**

##### ***Sale of Infrastructure Division***

On 16 October 2020, GTT announced that the Company had signed a definitive purchase agreement to sell its infrastructure division to I Squared Capital, an independent global infrastructure investment firm, for US\$2.15 billion. The infrastructure division consists of GTT's business and activities providing pan-European, North American, sub-sea and trans-Atlantic fibre network and data centre infrastructure services to customers. GTT provides a comprehensive portfolio of cloud networking services over its global Tier 1 IP network that includes traditional and software-defined wide area networking, global SIP trunking, advanced solutions, security and internet services.

On 17 September 2021, GTT announced the completion of the sale of its infrastructure division to I Squared Capital. The division consists of a pan-European, North American, and subsea fibre network and data centre assets and associated infrastructure services provided to customers.

Martijn Blanken has been appointed Chief Executive Officer (CEO). Exa is determined to become the undisputed leader in the digital infrastructure industry in the European, trans-Atlantic and North American market. In order to achieve that ambition the group will make material investments to expand the network footprint, in close collaboration with customers, to meet the ever-growing need to carry data around key routes in the region.

The infrastructure now operated by Exa largely results from GTT Communications' prior acquisitions of Interoute, Hibernia Networks and KPN International. Around 420 employees will move to Exa from GTT, which will continue to focus on its core cloud networking business.

Headquartered in London, UK, the business has 28 offices in 18 countries across Europe. The name Exa is inspired by the exabyte, the unit of measurement for computers of the future. The exascale age will require dedicated infrastructure platforms with unprecedented scale, and the ability to connect to customers however and wherever required.

##### ***Multi-Chargor Security Agreement***

In January 2022, the Company entered into a Multi-Chargor Security Agreement with Lucid Trustee Services Limited (Security Agent). Under this debenture the Company has charged (by way of a first fixed charge) in favour of Lucid Trustee Services Limited as agent and trustee for the Secured Parties referred to in the Debenture (the "Security Agent") as first priority charge all of our rights in respect of any amount (including interest) standing to the credit of any account maintained by the Company with Royal Bank of Scotland at any branches in England and Wales (excluding any escrow or deferred consideration accounts) (the "Secured Accounts") and the debts represented by the Secured Accounts.

#### **Going Concern**

As described above, the Company is now part of the new group Exa. The Company meets its day-to-day working capital requirements from cash flows generated from operations and facilities provided by its parent company and subsidiaries (the "Group"). In addition, the Group has committed debt facilities, which meet the Group's funding requirements.

#### **Auditor**

Following a tender process Grant Thornton have been reappointed as auditors of the Company for the year ending 31 December 2021.

**Hibernia Atlantic (UK) Limited**

**Directors' Report**

**For the year ended 31 December 2020**

**Small companies note**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**Anthony Hansel**  
Director

Date: 16/09/2022

**Hibernia Atlantic (UK) Limited**

**Directors' Responsibilities Statement**

**For the year ended 31 December 2020**

The Directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements 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 financial statements;
- 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 to 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.

Signed on behalf of the board on



**Anthony Hansel**  
Director

Date: 16/09/2022



## Independent auditor's report to the members of Hibernia Atlantic (UK) Limited

### **Disclaimer of opinion**

Notwithstanding our disclaimer of opinion on the financial statements, we were engaged to audit the financial statements of Hibernia Atlantic (UK) Limited ("the company"), which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity for the year ended 31 December 2020, 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 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).

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

As explained in the Directors Report and Note 24, in the course of closing the books of GTT Communications, Inc. and its subsidiaries ("GTT Group") for the quarter ended 30 June 2020, GTT Group identified certain issues related to the recording and reporting of Cost of Telecommunications Services and related internal controls. GTT Group's management, with assistance from outside counsel and consultants, commenced a review (the "Review") with respect to these issues and are assessing the effect, if any, on GTT Group's unissued and previously issued financial statements. At this time, GTT Group has not concluded its Review and there is no assurance that additional items will not be identified. As of the date of approval of these financial statements, GTT Group is unable to estimate the total potential impact of the issues described herein on previously issued financial statements of GTT Group. If GTT Group results are adversely impacted, this could have a potential adverse impact on revenue and expenses which are also linked to the carrying value of intercompany receivables and liabilities and retained earnings of the Company.

We were unable to obtain sufficient audit evidence to confirm the carrying value of the intercompany receivables and liabilities of the Company as well as the accuracy of the revenue and cost of sales recognised for the year ended 31 December 2020. There were insufficient alternative audit procedures we could adopt to verify the value of these accounts due to the uncertainty of the impact of the outcome of the Review since a reasonable estimate from management cannot be made as of the date of this report. As a result, we were unable to determine whether any adjustments may have been found necessary in respect of the revenue and expenses for the year and the carrying value of the intercompany receivables and liabilities at the balance sheet date.





## Independent auditor's report to the members of Hibernia Atlantic (UK) Limited

### **Material uncertainty related to going concern**

We draw attention to the "Basis of disclaimer of opinion" section of our audit report. As a result of the matters reported there, we are unable to conclude, and consequently we do not provide an opinion in regard to the disclosures in the Directors' report, concerning the Company's ability to continue as a going concern. Due to the uncertainty around the impact of the GTT Group's review and the impact on intercompany positions of the debt being called in, the conditions noted in the Directors report and Note 24, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption is based on the successful sale of GTT Group's infrastructure division, as a result of this the company is now a part of a new group EXA Infrastructure. The Company meets its day-to-day working capital requirements from cash flows generated from operations and facilities provided by its new parent company and subsidiaries (the "Group"). In addition, the Group has committed debt facilities, which meet the Group's funding requirements.

### **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.



## Independent auditor's report to the members of Hibernia Atlantic (UK) Limited

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Arising from the matter set out in the "Basis of disclaimer of opinion", we have not received all the information and explanations we required for our audit.

Notwithstanding our Disclaimer of opinion on the financial statements, we have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report or in preparing the directors' report.

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

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in United Kingdom, including FRS 102, and for such internal control as they determine 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 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 intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

### **Responsibilities of the auditor for the audit of the financial statements**

The auditor's responsibility is to conduct the audit of the financial statements in accordance with International Standards on Auditing (United Kingdom) ("ISAs (United Kingdom)") and to issue an Auditor's Report. However, because of the matter described in the 'Basis for disclaimer of opinion' section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on these financial statements.



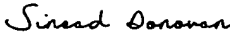
## Independent auditor's report to the members of Hibernia Atlantic (UK) Limited

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including Financial Reporting Council's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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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.

DocuSigned by:  
  
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Sinead Donovan FCA (Senior Statutory Auditor)

### **For and on behalf of Grant Thornton**

Chartered Accountants & Statutory Auditors  
Dublin 2

Date: 16/09/2022

**Hibernia Atlantic (UK) Limited****Statement of Total Comprehensive Income**

For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	5,847,039	12,623,190
Cost of sales		<u>(4,644,388)</u>	<u>(6,635,459)</u>
<b>Gross profit</b>		<b>1,202,651</b>	<b>5,987,731</b>
Administrative expenses		<u>(3,490,489)</u>	<u>(3,391,355)</u>
<b>Profit/(loss) on ordinary activities before interest</b>		<b>(2,287,838)</b>	<b>2,596,376</b>
Interest receivable and similar income	9	786,645	358,732
Interest payable and expenses	10	<u>(1,230,828)</u>	<u>(1,148,554)</u>
<b>Profit/(loss) before tax</b>		<b>(2,732,021)</b>	<b>1,806,554</b>
Tax on profit/(loss)	11	<u>455,137</u>	<u>123,969</u>
<b>Profit/(loss) for the financial year</b>		<b>(2,276,884)</b>	<b>1,930,523</b>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
<b>Total comprehensive income/(loss) for the year</b>		<b><u>(2,276,884)</u></b>	<b><u>1,930,523</u></b>

The notes on pages 15 to 26 form part of these financial statements

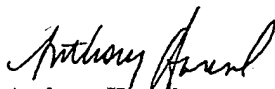
**Hibernia Atlantic (UK) Limited****Balance Sheet****As at 31 December 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible fixed assets	12	-	-
Tangible fixed assets	13	<u>11,947,043</u>	<u>13,758,935</u>
		<b>11,947,043</b>	<b>13,758,935</b>
<b>Current assets</b>			
Debtors: amounts due after more than one year	18	198,177	-
Debtors: amounts falling due within one year	14	19,854,581	16,570,743
Cash at bank and in hand	15	<u>387,058</u>	<u>228,610</u>
		<b>20,439,816</b>	<b>16,799,353</b>
Creditors: amounts falling due within one year	16	<u>(29,373,815)</u>	<u>(24,804,583)</u>
<b>Net current liabilities</b>		<b>(8,933,999)</b>	<b>(8,005,230)</b>
<b>Total assets less current liabilities</b>		<b>3,013,044</b>	<b>5,753,705</b>
Creditors: amounts falling due after more than one year	17	(632,388)	(839,205)
<b>Provisions for liabilities</b>			
Deferred tax	18	<u>-</u>	<u>(256,960)</u>
		<b>(632,388)</b>	<b>(1,096,165)</b>
<b>Net assets</b>		<b><u>2,380,656</u></b>	<b><u>4,657,540</u></b>
<b>Capital and reserves</b>			
Called up share capital	19	2,020,408	2,020,408
Capital contribution reserve	20	3,832,931	3,832,931
Share based payments reserve		-	11,233
Profit and loss account	20	<u>(3,472,683)</u>	<u>(1,207,032)</u>
		<b><u>2,380,656</u></b>	<b><u>4,657,540</u></b>

The notes on pages 15 to 26 form part of these financial statements

The financial statements are prepared in accordance with the 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 by:



**Anthony Hansel**  
Director

Date: 16/09/2022

**Hibernia Atlantic (UK) Limited****Statement of Changes in Equity**

For the year ended 31 December 2020

	Called up share capital	Capital contribution reserve	Share-based payments reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	2,020,408	3,832,931	11,233	(1,207,032)	4,657,540
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	(2,276,884)	(2,276,884)
<b>Total comprehensive income for the year</b>	-	-	-	(2,276,884)	(2,276,884)
<b>Transactions with owners</b>					
Transfer	-	-	(11,233)	11,233	-
<b>Total transactions with owners</b>	-	-	(11,233)	11,233	-
<b>At 31 December 2020</b>	<b>2,020,408</b>	<b>3,832,931</b>	<b>-</b>	<b>(3,472,683)</b>	<b>2,380,656</b>

	Called up share capital	Capital contribution reserve	Share-based payments reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	2,020,408	3,832,931	11,233	(3,137,555)	2,727,017
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,930,523	1,930,523
<b>Total comprehensive income for the year</b>	-	-	-	1,930,523	1,930,523
<b>At 31 January 2019</b>	<b>2,020,408</b>	<b>3,832,931</b>	<b>11,233</b>	<b>(1,207,032)</b>	<b>4,657,540</b>

## **Hibernia Atlantic (UK) Limited**

### **Notes to the Financial Statements** **For the year ended 31 December 2020**

#### **1. General information**

Hibernia Atlantic (UK) Limited (the "Company") is incorporated as a limited liability company in England and Wales. The address of its registered office has been changed to 5<sup>th</sup> Floor, 40 Strand, London WC2N 5RW, England.

On 17 September 2021, the Company was acquired by I Squared Capital and is now part of Exa Group. The Group owns and operates an international telecommunications network. The core asset is the transatlantic fibre optic telecommunications network. The principal activity of the Company is the provision of telecommunications network services.

These financial statements are the Company's financial statements for the period beginning 1 January 2020 and ending 31 December 2020.

#### **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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The financial statements are prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements are presented in pounds sterling and rounded to the nearest thousand except where otherwise indicated.

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

The following principal accounting policies have been applied:

##### **2.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### *Rendering of services*

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Telecommunications revenue primarily relates to customer usage of services. Revenue related to usage are recognised as usage accrues. Installation and set-up fees (which are non-refundable) are recognised as revenue as soon as installation is completed.

## Hibernia Atlantic (UK) Limited

### Notes to the Financial Statements For the year ended 31 December 2020

#### 2.3 Intangible assets

Intangible assets relate to software and 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

The estimated useful lives range as follows:

Software	3 years
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#### 2.4 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:

Freehold property	3-30 years
Plant and machinery	3-23 years

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 the Statement of Total Comprehensive Income.

#### 2.5 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.6 Debtors

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

#### 2.7 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.



## **Hibernia Atlantic (UK) Limited**

### **Notes to the Financial Statements** **For the year ended 31 December 2020**

#### **2.8 Financial instruments**

The Company 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.

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 Statement of Total Comprehensive Income.

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 Company 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.

#### **2.9 Creditors**

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

#### **2.10 Foreign currency translation**

##### *Functional and presentation currency*

The Company's functional and presentational currency is Pounds Sterling (£).

##### *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.

## **Hibernia Atlantic (UK) Limited**

### **Notes to the Financial Statements For the year ended 31 December 2020**

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 within administrative expenses in the Statement of Total Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

#### **2.11 Interest payable**

Finance costs are charged to the Statement of Total Comprehensive Income 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.

#### **2.12 Interest receivable**

Interest income is recognised in the Statement of Total Comprehensive Income using the effective interest method.

#### **2.13 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Total Comprehensive Income 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.

#### **2.14 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Total Comprehensive Income, 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

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

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Hibernia Atlantic (UK) Limited****Notes to the Financial Statements**  
**For the year ended 31 December 2020****Significant management judgement**

The following judgement, apart from those involving estimates, made by the Directors has had a significant effect on the amounts recognized in the financial statements.

*Going Concern*

The Company generated a loss for the year of £2,276,884 (2019: profit £1,930,523), has net current liabilities of £8,933,999 (2019: £8,005,230) and has net assets of £2,380,656 (2019: £4,657,540) as at 31 December 2020. In forming their view on going concern the Directors have had regard to the availability of financial support from other group companies and in particular in relation to the recoverability of intercompany debtors and concluded that it is appropriate to prepare these financial statements on a going concern basis. See note 24.

**Estimation uncertainty**

The Company makes estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are addressed below:

*Useful economic lives of tangible fixed assets*

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the tangible fixed assets, and note 2.5 for the useful economic lives for each class of tangible fixed assets.

*Impairment of debtors*

The Company makes an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the Directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor. See note 14 for the net carrying amount of the debtors.

*Accrued cost of revenue (COR)*

The Company accrues estimated amounts for "cost of revenue" based on its historical experience and billing rates for the previous period. Accrued cost of revenue relates to services already received from vendors which have yet to be billed to the Company as at year end. Included in accruals is £316,429 (2019: £489,987) relating to accrued cost of revenue.

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2020	2019
	£	£
Telecommunications revenue	5,208,367	6,766,933
Transfer pricing revenue	638,672	5,856,257
	<u>5,847,039</u>	<u>12,623,190</u>

**Hibernia Atlantic (UK) Limited****Notes to the Financial Statements**  
**For the year ended 31 December 2020**

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	2,455,727	3,648,532
Europe	1,343,846	1,829,518
Rest of World	2,047,466	7,145,140
	<u>5,847,039</u>	<u>12,623,190</u>

**5. Transfer pricing**

The Group transfer pricing model is based on the group-wide profit prorated across the Group based on each entity's network costs, depreciation on network fixed assets and other sales expenses which includes commissions and marketing costs. The method used is aligned with the method used in the telecommunication industry.

**6. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	2020	2019
	£	£
Depreciation	2,784,119	3,148,557
Foreign exchange difference (gains)/losses	820,989	(497,264)

**7. Auditor's remuneration**

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>55,018</u>	<u>23,900</u>

Fees payable to the Company's auditor and its associates in respect of:

	2020	2019
	£	£
Audit services	55,018	23,900
Taxation services	<u>2,300</u>	<u>-</u>
	<u>57,318</u>	<u>23,900</u>

**8. Employees**

The Company has no employees other than the Directors, who did not receive any remuneration (2019 - £Nil).

**9. Interest receivable and other similar income**

	2020	2019
	£	£
Interest receivable from group undertakings	<u>786,645</u>	<u>358,732</u>

**Hibernia Atlantic (UK) Limited****Notes to the Financial Statements  
For the year ended 31 December 2020****10. Interest payable and similar expenses**

	2020	2019
	£	£
Finance interest	-	2,081
Interest on loans from group undertakings	<u>1,230,828</u>	<u>1,146,473</u>
	<u><b>1,230,828</b></u>	<u><b>1,148,554</b></u>

**11. Taxation**

	2020	2019
	£	£
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Deferred tax - current year charge/(credit)	<u>(455,137)</u>	<u>(123,969)</u>
<b>Total deferred tax</b>	<u>(455,137)</u>	<u>(123,969)</u>
<b>Taxation charge/(credit) on loss on ordinary activities</b>	<u><b>(455,137)</b></u>	<u><b>(123,969)</b></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 – lower than) the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020	2019
	£	£
Profit/(loss) on ordinary activities before tax	<u>(2,732,021)</u>	<u>1,806,554</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 19%)	(519,084)	343,245
<b>Effects of:</b>		
Disallowable expenses	33,716	3,548
Fixed asset differences	-	14,668
Group relief claimed	-	(485,347)
Other timing differences	-	(83)
Impact of change in tax rate	<u>30,231</u>	<u>-</u>
<b>Total tax charge for the year</b>	<u><b>(455,137)</b></u>	<u><b>(123,969)</b></u>

**Factors that may affect future tax charges**

The standard rate of UK Corporation Tax is to remain at 19% until 31 March 2023. The Finance Act 2021, enacted on 10 June 2021, states that the rate is to be increased from 19% to 25% from 1 April 2023

Deferred tax at the balance sheet date has been measured using the enacted tax rates.

**Hibernia Atlantic (UK) Limited****Notes to the Financial Statements  
For the year ended 31 December 2020****12. Intangible fixed assets**

	Software £
<b>Cost</b>	
At 1 January 2020	8,485
Additions	
At 31 December 2020	<u>8,485</u>
<b>Amortisation</b>	
At 1 January 2020	8,485
Charge for the year	
At 31 December 2020	<u>8,485</u>
<b>Net book value</b>	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>-</u>

**13. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	1,300,574	32,910,121	34,210,695
Additions	-	972,227	972,227
At 31 December 2020	<u>1,300,574</u>	<u>33,882,348</u>	<u>35,182,922</u>
<b>Depreciation</b>			
At 1 January 2020	1,173,039	19,278,721	20,451,760
Charge for the year on owned assets	9,492	2,774,627	2,784,119
At 31 December 2020	<u>1,182,531</u>	<u>22,053,348</u>	<u>23,235,879</u>
<b>Net book value</b>			
At 31 December 2020	<u>118,043</u>	<u>11,829,000</u>	<u>11,947,043</u>
At 31 December 2019	<u>127,535</u>	<u>13,631,400</u>	<u>13,758,935</u>

There were no borrowing costs capitalised during the year (2019: £Nil). The net carrying amount of assets held under finance leases is £Nil (2019: £Nil).

**Hibernia Atlantic (UK) Limited****Notes to the Financial Statements  
For the year ended 31 December 2020****14. Debtors**

	2020	2019
	£	£
Trade debtors	611,249	842,524
Amounts owed by group undertakings	18,590,456	15,187,526
VAT recoverable	176,699	188,861
Prepayments and accrued income	576,177	351,832
	<u>19,854,581</u>	<u>16,570,743</u>

Trade debtors are after provision for impairment of £222,959 (2019: £93,097).

Amounts owed by group undertakings are unsecured, interest bearing, and are repayable on demand.

**15. Cash and cash equivalents**

	2020	2019
	£	£
Cash at bank and in hand	<u>387,058</u>	<u>228,610</u>

Included in the balance above is £30,000 (2019: £30,000) relating to a performance bond held by the Royal Bank of Scotland which is restricted.

**16. Creditors: Amounts falling due within one year**

	2020	2019
	£	£
Trade creditors	290,715	1,129,909
Amounts owed to group undertakings	28,048,200	22,567,635
Accruals	445,262	455,564
Deferred income	589,638	651,475
	<u>29,373,815</u>	<u>24,804,583</u>

Amounts owed to group undertakings are unsecured, interest bearing and repayable on demand.

Trade and other creditors are payable at various dates in the next three months after the end of the financial year in accordance with the creditors usual and customary credit terms.

Creditors for tax and social security are payable in the time frame set down in the relevant legislation.

**Hibernia Atlantic (UK) Limited****Notes to the Financial Statements**  
**For the year ended 31 December 2020**

The Company has entered into the following charges containing negative pledges, floating and fixed charges over the Company's assets:

Other party	Date	Status
Keybank National Association	15 August 2018	Satisfied on 26 November 2021
Keybank National Association	28 April 2020	Satisfied on 26 November 2021
Delaware Trust Company	28 December 2020	Satisfied on 26 November 2021
Delaware Trust Company	28 December 2020	Satisfied on 26 November 2021
Delaware Trust Company	29 January 2021	Satisfied on 26 November 2021
Lucid Trustee Services Limited	11 January 2022	Outstanding

**17. Creditors: Amounts falling due after more than one year**

	2020	2019
	£	£
Deferred income	<u>632,388</u>	<u>839,205</u>

**18. Deferred taxation**

	2020	2019
	£	£
Deferred tax	(256,960)	(380,929)
Credited/(charged) to the profit or loss	<u>455,137</u>	<u>123,969</u>
At end of year	<u>198,177</u>	<u>(256,960)</u>

The provision for deferred taxation is made up as follows:

	2020	2019
	£	£
Depreciation in excess of capital allowances	(183,134)	(505,283)
Tax losses	377,580	242,559
Other timing differences	<u>3,731</u>	<u>5,764</u>
Total deferred taxation asset/(liability)	<u>198,177</u>	<u>(256,960)</u>

**19. Share capital**

	2020	2019
	£	£
<b>Authorised</b>		
3,350,000 (2019 - 3,350,000) Ordinary shares of £1.00 each	<u>3,350,000</u>	<u>3,350,000</u>
<b>Allotted, called up and fully paid - presented as equity</b>		
2,020,408 (2019 - 2,020,408) Ordinary shares of £1.00 each	<u>2,020,408</u>	<u>2,020,408</u>



**Hibernia Atlantic (UK) Limited****Notes to the Financial Statements**  
**For the year ended 31 December 2020****Dividends**

No dividend was paid during 2020 (2019 - £nil).

**20. Reserves****Capital contribution reserve**

In 2003 the Company received £1,005,600 from the Company's then immediate parent, Hibernia Group ehf. This amount does not have any servicing or repayment obligation. In 2017, the Company received a capital contribution from its immediate parent company at the time, Hibernia NGS Limited, amounting to £2,827,331.

**Profit and loss account**

Profit and loss account represents accumulated results for the financial year and prior financial years less dividends paid.

**21. Operating lease commitments**

The Company has commitments under various non-cancellable operating leases for office and equipment space, network capacity and certain equipment rentals. Estimated future payments with respect to these contractual obligations are as follows:

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	188,307	515,117
Later than 1 year and not later than 5 years	431,560	284,052
	<u>619,867</u>	<u>799,169</u>

**22. Immediate and ultimate parent undertaking**

During 2021 the ownership of the Group has changed and the immediate parent company is now Cube Telecom Europe Bidco Limited a company registered in the UK. The Exa Group is owned by I Squared Capital, an independent global infrastructure investment manager focusing on energy, utilities, telecom and transport in the Americas, Europe and Asia.

**23. Related party transactions**

Transactions with group companies are not disclosed as the Company has taken advantage of the exemption available under FRS 102 section 33.1A from disclosing such transactions.

**Hibernia Atlantic (UK) Limited**

**Notes to the Financial Statements  
For the year ended 31 December 2020**

**24. Post balance sheet events**

**Implications of COVID-19 on our business**

With regards to the COVID 19 Pandemic which started in February 2020 and unfortunately is still ongoing, we noted that this exceptional event did not impact our business (telecommunication business). Our operating capability remains unaffected by the restrictions. However, as more stringent access protocols have been imposed across Europe and the US, GTT first, and now Exa are ensuring adherence to health and safety guidelines for all of employees and offices, clients, and the community by following the recommendations of local public health authorities as well as local landlord requirements in all of our locations globally. We continue to work closely with the relevant stakeholders and our critical supply chains to manage and minimize any potential impact to the operation or delivery of client services.

**Going Concern**


Please refer to the information provided in the Directors' report.

**25. Approval of financial statements**

The financial statements were approved by the Board of Directors on 16/09/2022.

Anthony Hansel

Christopher Mckee

Signature: 

Signature:   
Christopher McKee (Sep 16, 2022 13:06 EDT)