

Company Number: 06493410

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

**(Previously Known as Cincinnati Bell Technology
Solutions UK Limited)**

Annual Report and Financial Statements

For the year ended 31 December 2020



CBTS TECHNOLOGY SOLUTIONS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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CBTS TECHNOLOGY SOLUTIONS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

L R Fox

COMPANY SECRETARIES

C M Vogt

REGISTERED OFFICE

Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

BANKERS

Barclays Bank Plc
Leicester
Leicestershire
LE87 2BB

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
Bristol
BS1 6GD

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

DIRECTOR'S REPORT

The Director presents the annual report and the audited financial statements for the year ended 31 December 2020. In preparing this report, the Director has taken advantage of the small companies' exemption provided by section 415A of the Companies Act 2006 and accordingly no strategic report has been prepared.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a provider of managed IT solutions, IT and telephone equipment sales, and professional IT infrastructure staff augmentation services.

REVIEW OF THE BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The Director recommends that no dividends are paid in respect of the year ended 31 December 2020 (2019: £nil).

DIRECTORS

The Director who served during the year and to the date of this report unless otherwise indicated are as follows:

L R Fox

EXISTENCE OF BRANCHES OUTSIDE THE UK

The company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows: Singapore.

GOING CONCERN

The company's business activities are detailed above. Having considered the net current asset position of £74,934 and long term forecasts of the company in the context of the uncertainties in the current economic environment and the letter of continuing financial support from the board of Directors of Cincinnati Bell Inc., which covers a period no less than 12 months from the date of approval of these financial statements, the Director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The Director has also considered the potential impact of Brexit on their long-term trading position and given their limited exposure to European sourcing and customer base in the UK, the Company does not believe that Brexit will cause an issue with going concern. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements (Note 1).

The Director has considered the impact of the Coronavirus (COVID-19) outbreak on business operations. COVID-19 was declared a global pandemic on 11 March 2020. As a result of the announcement, the UK government implemented several measures to limit the spread of the virus. These measures have had a significant impact on the UK economy, but not an equal impact on all businesses. The company has seen limited impact of COVID-19 on its operations. While we are unable to determine or predict the nature, duration or scope of the overall impact the COVID-19 pandemic will have on our business, we believe that it will not have a significant impact on operations. The impact of COVID-19 is and has been limited to the operations due to the fact that the primary customers of the entity are large enterprise customers that are not seeing significant impact to operations either.

SUBSEQUENT EVENTS

Due to Brexit, the group of companies has established a presence in Ireland to maintain a trading entity within the European Economic Area (EEA). While this new entity, CBTS Technology Solutions Ireland Ltd. will transact within the EEA, the impact to the company is not expected to be significant.

This is a non-adjusting post balance sheet event and no adjustments have been made to the financial statements in relation to this.

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

DIRECTOR'S REPORT

SUBSEQUENT EVENTS (continued)

The company is expected to continue as a going concern for the 12-month period following the signing of the financial statements as disclosed in the Director's report.

AUDITOR

The person who is a Director at the date of approval of this report confirms 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 he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and Signed on behalf of the Board:



L R Fox

Director

23 September 2021

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Director is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Director 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 year. In preparing these financial statements, the Director is required to:

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

The Director is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBTS TECHNOLOGY SOLUTIONS UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CBTS Technology Solutions UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBTS TECHNOLOGY SOLUTIONS UK LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud [or non-compliance with laws and regulations] in the following areas, and our specific procedures performed to address [it/them] are described below:

- assessing the design and implementation of relevant controls;
- performing substantive tests of detail, using a heightened sample size, to confirm the recognition of revenue was booked in the correct period; and
- performing substantive procedures, again using a heightened sample size, to confirm the accuracy and timing of unbilled receivables at the year end.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBTS TECHNOLOGY SOLUTIONS UK LIMITED

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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.

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.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Boxall FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Bristol, United Kingdom

23 September 2021

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2020

	Note	2020 £	2019 £
TURNOVER	3	7,785,075	7,716,399
Cost of sales		(6,924,210)	(6,193,544)
GROSS PROFIT		860,865	1,522,855
Administrative expenses		(527,681)	(1,308,537)
OPERATING PROFIT	4	333,184	214,318
Finance costs (net)	6	(134,302)	(185,286)
PROFIT BEFORE TAXATION		198,882	29,032
Tax charge on profit	7	(84,133)	(21,860)
PROFIT FOR THE FINANCIAL YEAR		114,749	7,172

The above results were derived from continuing operations.

The company has no recognised income or expenditure for the year other than the results above. Therefore, no statement of comprehensive income has been presented.

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

BALANCE SHEET

As at 31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	10	-	-
Investments	11	1,000	1,000
		<u>1,000</u>	<u>1,000</u>
CURRENT ASSETS			
Debtors	8	5,806,887	5,452,220
Cash at bank and in hand		1,275,586	1,854,504
Stock	14	12,315	39,168
		<u>7,094,788</u>	<u>7,345,892</u>
CREDITORS: amounts falling due within one year	9	<u>(7,020,854)</u>	<u>(7,436,299)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>74,934</u>	<u>(89,407)</u>
Deferred tax asset	12	-	49,593
NET ASSETS/(LIABILITIES)		<u><u>74,934</u></u>	<u><u>(39,814)</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		<u>74,834</u>	<u>(39,914)</u>
SHAREHOLDER'S FUNDS/(DEFICIT)		<u><u>74,934</u></u>	<u><u>(39,814)</u></u>

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime. CBTS Technology Solutions UK Limited has no other comprehensive income or loss.

These financial statements of CBTS Technology Solutions UK Limited, registered number 06493410, were approved by the Board and authorised for issue on 23 September 2021.

Signed on behalf of the Board:



L R Fox
Director

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ending 31 December 2020

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2019	100	(47,086)	(46,986)
Total comprehensive income for the financial year	-	7,172	7,172
At 31 December 2019	100	(39,914)	(39,814)
Total comprehensive income for the financial year	-	114,748	114,748
At 31 December 2020	100	74,834	74,934

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. ACCOUNTING POLICIES

General information and basis of accounting

CBTS Technology Solutions UK Limited is a private company limited by shares incorporated in England and Wales and domiciled in the United Kingdom. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Director's report on page 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. There were no restatements to prior year numbers following the adoption of FRS 102.

The functional currency of CBTS Technology Solutions UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

CBTS Technology Solutions UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. CBTS Technology Solutions UK Limited is consolidated in the financial statements of its parent, CBTS LLC., which may be obtained at 201 E. 4th Street, Cincinnati, OH 45202. Exemptions have been taken in these separate company financial statements in relation to the presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The financial statements have been prepared on the going concern basis as the Company's ultimate parent undertaking, Cincinnati Bell Inc., has supplied a letter confirming it will provide financial support for a period of at least 12 months from the date of signing of the financial statements. The Director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The audited financial statements of Cincinnati Bell Inc. can be obtained from the address detailed in Note 16.

The Director has considered the impact of the Coronavirus (COVID-19) outbreak on business operations. COVID-19 was declared a global pandemic on 11 March 2020. As a result of the announcement, the UK government implemented several measures to limit the spread of the virus. These measures have had a significant impact on the UK economy, but not an equal impact on all businesses. The company has seen limited impact of COVID-19 on its operations. While we are unable to determine or predict the nature, duration or scope of the overall impact the COVID-19 pandemic will have on our business, we believe that it will not have a significant impact on operations. The impact of COVID-19 is and has been limited to the operations due to the fact that the primary customers of the entity are large enterprise customers that are not seeing significant impact to operations either.

The Director has a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future. Thus, the Director continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery	3 years
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Turnover

Turnover represents amounts receivable for services and the value of goods sold and delivered to customers during the year net of VAT. Turnover is recognised when delivery has occurred for goods sold and when substantially all of the contractual commitments related to a service have been delivered.

Fixed Asset Investments

Investments in subsidiaries and associates are measured at cost less impairment.

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 1, the Director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. No critical accounting judgements or sources of estimation uncertainty have been identified.

3. TURNOVER

Turnover represents amounts invoiced (excluding VAT) to customers and is generated by the company's principal activity, which is that of a provider of managed IT solutions, IT and telephone equipment sales, and professional IT infrastructure staff augmentation services.

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Sale of goods	7,171,788	6,586,152
Rendering of services	613,287	1,130,247
	<u>7,785,075</u>	<u>7,716,399</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

	2020 £	2019 £
Gain on foreign exchange on trading activity	367,836	404,113
Auditor's remuneration	45,570	41,450
	<u>367,836</u>	<u>404,113</u>

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements were £40,000 (2019: £35,000).

Fees payable to Deloitte LLP for tax compliance services to the Company were £6,035 (2019: £6,450).

5. INFORMATION REGARDING DIRECTOR AND EMPLOYEES

The company had 1 employee at the end of the current financial year (2019: 2).

	2020 £	2019 £
Wages and salaries paid or payable	104,583	77,372
Social security costs	19,391	18,364
Other pension costs so incurred	3,063	1,925
	<u>127,037</u>	<u>97,661</u>

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

127,037	97,661
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The Director's remuneration for the company has been borne by CBTS Technology Solutions Inc. and the amount allocated for his services to the company is £nil (2019: £nil).

6. FINANCE COSTS

	2020 £	2019 £
Interest payable to group undertakings	(134,302)	(185,286)
	<u>(134,302)</u>	<u>(185,286)</u>

7. TAX ON PROFIT/(LOSS)

The tax charge comprises:

	2020 £	2019 £
Current tax		
UK Corporation tax on profits for the year	34,539	70,072
Total current tax	<u>34,539</u>	<u>70,072</u>
Deferred tax		
Origination and reversal of timing differences	55,428	(53,884)
Effect of changes in tax rates	(5,834)	5,672
Total deferred tax	<u>49,594</u>	<u>(48,212)</u>
Total tax charge on profit	<u>84,133</u>	<u>21,860</u>

The company's profit for accounting year ended 31 December 2020 was taxed at a rate of 19% (2019: 19%).

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2020 £	2019 £
Profit for the period	<u>198,881</u>	<u>29,032</u>
Tax on profit/(loss) at standard UK corporation tax rate of 19% per cent (2019: 19%)	37,787	5,516
Effects of:		
- Expenses not deductible for tax purposes	55,562	10,672
- Income not taxable	(3,383)	-
- Tax rate changes	(5,833)	5,672
Total tax charge for year	<u>84,133</u>	<u>21,860</u>

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

TAX ON PROFIT/(LOSS) (continued)

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020 and therefore this increase has been reflected in the calculation of deferred tax at the balance sheet date.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate had not been substantively enacted at the balance sheet date, as result the UK deferred tax balances as at 31 December 2020 continues to be measured at 19%.

8. DEBTORS

	2020 £	2019 £
Trade debtors	5,724,239	4,925,397
Prepayments and other debtors	82,648	526,823
	<u>5,806,887</u>	<u>5,452,220</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	4,227,216	1,990,292
Corporation tax	34,539	142,785
Amounts owed to group undertakings	2,545,338	4,376,025
Accruals and deferred income	213,761	927,197
	<u>7,020,854</u>	<u>7,436,299</u>

Amounts owed to group undertakings are unsecured, subject to interest at market rates and repayable on demand.

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Total £
Cost or valuation		
At 1 January 2020	818,816	818,816
At 31 December 2020	-	-
Depreciation		
At 1 January 2020	818,816	818,816
Charge for the year	-	-
At 31 December 2020	-	-
Net book value		
At 31 December 2019	-	-
At 31 December 2020	-	-

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

11. FIXED ASSETS INVESTMENTS

Investments in subsidiaries and associates are measured at cost less impairment.

	2020 £	2019 £
Subsidiary undertakings	1,000	1,000

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

	Country of incorporation or principal business address	Nature of business	Class of shares	% Held direct
Subsidiary undertakings				
ONX UK Limited	Principal business address is the same as CBTS Technology Solutions UK Limited	Non trading	Ordinary	100

Subsidiary undertakings

	£
Cost	
At 1 January 2020	1,000
Carrying value at 31 December 2020	1,000

Subsidiary undertakings have not been consolidated by CBTS Technology Solutions UK Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of CBTS LLC.

12. DEFERRED TAX

	Deferred taxation £
At 1 January 2020	49,593
Charged to profit and loss account	(49,593)
At 31 December 2020	-

Deferred tax asset is due to losses and fixed asset timing differences.

13. CALLED UP SHARE CAPITAL

	2020 £	2019 £
Authorised		
100 (2019: 100) Ordinary shares of £1 each	100	100
Called up, allotted and fully paid		
100 (2019: 100) Ordinary shares of £1 each	100	100

CBTS TECHNOLOGY SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

14. STOCK

The company does not hold general stock for resale. All stock on hand at the end of the year are goods in-transit to customers where the company still holds title until delivery is complete.

	2020 £	2019 £
In-transit goods	12,315	39,168
	<u>12,315</u>	<u>39,168</u>

15. NON-ADJUSTING SUBSEQUENT EVENTS

Due to Brexit, the group of companies has established a presence in Ireland to maintain a trading entity within the European Economic Area (EEA). While this new entity, CBTS Technology Solutions Ireland Ltd. will transact within the EEA, the impact to the company is not expected to be significant.

This is a non-adjusting post balance sheet event and no adjustments have been made to the financial statements in relation to this.

The company is expected to continue as a going concern for the 12-month period following the signing of the financial statements as disclosed in the Director's report.

16. ULTIMATE PARENT COMPANY

The Director regards Cincinnati Bell Inc., a company incorporated in the USA, as the ultimate parent company and controlling party.

CBTS LLC owns the entire share capital of CBTS Technology Solutions UK Limited. Cincinnati Bell Inc., the ultimate parent company and controlling party, in turn owns the entire share capital of CBTS LLC.

The smallest group to consolidate these financial statements is CBTS LLC, an intermediate company in the Cincinnati Bell Inc. Group. The largest group to consolidate these financial statements is Cincinnati Bell Inc. The consolidated financial statements of CBTS LLC and Cincinnati Bell Inc. can be obtained from their registered address, 201 E. 4th Street, Cincinnati, OH 45202.