

Company Registration No. 07486862 (England and Wales)

**ORIGIN BROADBAND LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

PAGES FOR FILING WITH REGISTRAR



ORIGIN BROADBAND LIMITED

COMPANY INFORMATION

Directors	Mr H T L Wust	
	Mr O J Bryssau	
	Mr S R Cardwell	(Appointed 10 March 2016)
	Prof. M G D Hurley	(Appointed 10 March 2016)
	Mr G M Orme	(Appointed 10 March 2016)
	Mr R L H Moore	(Appointed 21 December 2016)

Company number	07486862
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Registered office	Unit 9 Yorkshire Way Armthorpe Doncaster DN3 3FB
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Auditor	Knowles Warwick Limited 183 Fraser Road Sheffield S8 0JP
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Bankers	Barclays Ten Pound Walk Doncaster DN4 5HJ
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	HSBC Merit House Saxon Way Priory Park West Hessle East Yorkshire HU13 9PB
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ORIGIN BROADBAND LIMITED

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ORIGIN BROADBAND LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2015 £	£
Fixed assets					
Goodwill	4		2,777		3,333
Tangible assets	5		1,844,579		1,442,944
			<u>1,847,356</u>		<u>1,446,277</u>
Current assets					
Stocks		39,084		39,744	
Debtors	6	2,628,848		758,238	
Cash at bank and in hand		539,816		173,849	
		<u>3,207,748</u>		<u>971,831</u>	
Creditors: amounts falling due within one year	7	<u>(3,216,677)</u>		<u>(2,025,130)</u>	
Net current liabilities			<u>(8,929)</u>		<u>(1,053,299)</u>
Total assets less current liabilities			<u>1,838,427</u>		<u>392,978</u>
Creditors: amounts falling due after more than one year	8		<u>(413,681)</u>		<u>(570,535)</u>
Net assets/(liabilities)			<u><u>1,424,746</u></u>		<u><u>(177,557)</u></u>
Capital and reserves					
Called up share capital	10		713,025		201
Share premium account			3,079,531		39,956
Revaluation reserve			972,095		1,026,100
Profit and loss reserves			<u>(3,339,905)</u>		<u>(1,243,814)</u>
Total equity			<u><u>1,424,746</u></u>		<u><u>(177,557)</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered 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 23/08/17 and are signed on its behalf by:



Mr O J Bryssau
Director

Company Registration No. 07486862

ORIGIN BROADBAND LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 December 2014		200	39,956	1,080,105	(65,210)	1,055,051
Period ended 30 November 2015:						
Loss for the period		-	-	-	(1,232,609)	(1,232,609)
Other comprehensive income:						
Revaluation of tangible fixed assets		-	-	(54,005)	-	(54,005)
Total comprehensive income for the period		-	-	(54,005)	(1,232,609)	(1,286,614)
Issue of share capital	10	1	-	-	-	1
Transfers		-	-	-	54,005	54,005
Balance at 30 November 2015		201	39,956	1,026,100	(1,243,814)	(177,557)
Period ended 31 March 2017:						
Loss for the period		-	-	-	(2,150,096)	(2,150,096)
Other comprehensive income:						
Revaluation of tangible fixed assets		-	-	(54,005)	-	(54,005)
Total comprehensive income for the period		-	-	(54,005)	(2,150,096)	(2,204,101)
Issue of share capital	10	712,824	3,039,575	-	-	3,752,399
Transfers		-	-	-	54,005	54,005
Balance at 31 March 2017		713,025	3,079,531	972,095	(3,339,905)	1,424,746

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

1 Accounting policies

Company information

Origin Broadband Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 9 Yorkshire Way, Armthorpe, Doncaster, DN3 3FB.

The principle activity of the company continued to be that of internet service and telecommunications provider.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the period ended 31 March 2017 are the first financial statements of Origin Broadband Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 December 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 16.

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.2 Going concern

The company has generated a loss for the period ended 31 March 2017 of £2,150,096 (2015: £1,232,609). This loss has been generated due to the company's ongoing investment in headcount, premises and infrastructure needed to support a growing level of sales. The directors' expectations are that the optimum level of investment in these areas will be reached in 2017/18 and that margins on growing sales will begin to cover operational costs and ultimately facilitate the delivery of an operating profit.

On the 21 December 2016 the company received £3m, before costs, from a London based EIS investment fund which was designed to see the Company through to profitability and positive cash generation. In the event our trading volumes in 2017 have been on average four times the level anticipated in our original business plan which supported the £3m investment case. Unsurprisingly, this has put considerable strain on our working capital requirements and cash resources.

On 28 July 2017 the company secured a further £1.975m from our institutional EIS investor to support the growth plans and working capital requirements of the business. This further investment has stabilised our financial position and improved the capital base of the company.

In addition we are in discussions presently with debt funders, one of whom has an appetite to lend up to £5m on a tranching basis, subject to achieving subscriber target performance measures. Assuming all goes to plan we are expecting this secondary fundraising to provide more headroom should this be required by the business.

The directors have prepared financial and cash flow forecasts, including the new investment funds, for a period of at least 12 months following the approval of these financial statements and considered key sensitivities, particularly around sales growth and development milestones. On the basis of these forecasts, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future.

As a result of the above, these financial statements have been drawn up on a going concern basis.

1.3 Reporting period

The financial statements presented cover a 16 month period which is not entirely comparable to the prior period which was 12 months in length. The current year has been extended so that the investment received in December 2016 could be incorporated within next set of financial statements.

1.4 Turnover

Turnover represents amounts in respect of goods and services supplied in the year net of VAT and trade discounts and is measured at the fair value of the consideration received and receivable. Revenue from rentals and installations are recognised evenly over the contract period.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

The goodwill acquired in the year ended 30 November 2014 relates to the purchase of a customer base from a competitor. Acquired goodwill is written off in equal annual installments over its estimated useful economic life, which is expected to be 10 years.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold	10% reducing balance basis
Fixtures, fittings & equipment	10% reducing balance basis
Exchange equipment	5% straight line basis
Motor vehicles	25% reducing balance basis
Network equipment	33% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Depreciation is charged on a monthly basis from the point of acquisition for all assets.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax income represents the sum of the tax rebates due from surrendered R&D tax credits.

Current tax

The tax rebate currently due is based on the surrendered enhanced R&D costs for the year. The company has significant tax losses that will be relieved when taxable profits are made.

Deferred tax

Full provision is made for deferred tax liabilities arising from timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computations.

Deferred tax arising on the losses of the business greatly exceed any deferred tax liabilities.

A net deferred tax asset is only recognised if 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. As the company cannot confidently make this assessment, deferred tax assets are only recognised to the extent that they extinguish any deferred tax liabilities.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Leases

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

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.16 Deferred income and initial customer costs

Deferred income represents the part of the amount invoiced to customers that has not yet met the criteria for income recognition and this is still to be earned as income, by means of service delivery in the future.

The initial costs associated with the commencement of new customer connections are incurred on inception and are deferred over the contract term of the customer, typically 12 to 36 months. These costs are expensed to the profit & loss account as the contract term progresses, they are not capitalised as fixed assets.

2 Change in accounting policy

During the period the company changed the accounting policy adopted in respect of routers issued to customers. This equipment that had previously been either expensed or recognised as a current asset in stock is now recognised as a fixed asset with an expected economic lifespan of 3 years. This change in accounting policy has been adopted as the directors feel that this is a more appropriate method of valuation and representation.

No adjustment has been made to prior periods as the effect of the change in accounting policy has been deemed immaterial. It is only within the current period with the large increase in customers and routers issued that the change has been implemented with all routers issued in the period recognised as fixed assets.

3 Employees

The average monthly number of persons (including directors) employed by the company during the period was 46 (2015 - 31).

4 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 December 2015 and 31 March 2017	4,167
Amortisation and impairment	
At 1 December 2015	834
Amortisation charged for the period	556
At 31 March 2017	1,390
Carrying amount	
At 31 March 2017	2,777
At 30 November 2015	3,333

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

5	Tangible fixed assets	Land and buildings leasehold	Fixtures, fittings & equipment	Exchange Motor vehicles equipment	Network equipment	Total
		£	£	£	£	£
	Cost or valuation					
	At 1 December 2015	2,569	159,706	1,386,665	-	1,548,940
	Additions	-	106,938	57,897	6,128	592,897
	Transfers	-	(71,690)	71,690	-	-
	At 31 March 2017	2,569	194,954	1,516,252	6,128	2,141,837
	Depreciation and impairment					
	At 1 December 2015	385	27,769	77,842	-	105,996
	Depreciation charged in the period	284	16,866	101,710	255	191,262
	Transfers	-	(8,229)	8,229	-	-
	At 31 March 2017	669	36,406	187,781	255	297,258
	Carrying amount					
	At 31 March 2017	1,900	158,548	1,328,471	5,873	1,844,579
	At 30 November 2015	2,184	131,937	1,308,823	-	1,442,944

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

5 Tangible fixed assets

(Continued)

During the year ended 30 November 2014 the directors of the company personally undertook a revaluation of the equipment sited in exchanges that has an expected lifetime of 20 years. The revaluation is based on replacement cost of the assets in place using industry list prices and the directors knowledge of the equipment. Having performed a similar valuation at the period ended 31 March 2017 the directors believe the revaluation remains appropriate.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2017 £	2015 £
Cost	1,061,732	468,835
Accumulated depreciation	(261,216)	(51,991)
Carrying value	<u>800,516</u>	<u>416,844</u>

6 Debtors

	2017 £	2015 £
Amounts falling due within one year:		
Trade debtors	727,781	155,912
Corporation tax recoverable	236,924	68,479
Other debtors	32,181	73,478
Prepayments and accrued income	481,262	75,131
Directors loan accounts	137,632	104,086
Deferred costs	861,108	230,545
	<u>2,476,888</u>	<u>707,631</u>
Amounts falling due after more than one year:		
Deferred costs	151,960	50,607
Total debtors	<u>2,628,848</u>	<u>758,238</u>

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

7 Creditors: amounts falling due within one year

	Notes	2017 £	2015 £
Bank loans and overdrafts	9	133,772	635,466
Other borrowings	9	-	29,705
Trade creditors		1,416,510	764,453
Corporation tax		10,902	26,022
Other taxation and social security		35,743	25,812
Other creditors		587	1,613
Accruals		394,947	192,460
Deferred income		1,224,216	349,599
		<u>3,216,677</u>	<u>2,025,130</u>

8 Creditors: amounts falling due after more than one year

	Notes	2017 £	2015 £
Bank and other loans	9	155,819	493,794
Deferred income		257,862	76,741
		<u>413,681</u>	<u>570,535</u>

9 Loans and overdrafts

	2017 £	2015 £
Bank loans	289,591	969,045
Bank overdrafts	-	160,215
Other loans	-	29,705
	<u>289,591</u>	<u>1,158,965</u>
Payable within one year	133,772	665,171
Payable after one year	155,819	493,794

HSBC bank and Donbac Limited hold a fixed and floating charge over all assets of the company in relation to any and all debts due to the respective institution.

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

10 Called up share capital

	2017 £	2015 £
Ordinary share capital		
Issued and fully paid		
106,800 Ordinary shares of 1p each	1,068	200
95,626 B Ordinary shares of 1p each	956	-
711,001 Deferred shares of £1 each	711,001	-
	<u>713,025</u>	<u>200</u>
Preference share capital		
Issued and fully paid		
Preference shares of £1 each	-	1
	<u>-</u>	<u>1</u>

The company has 3 classes of share:

Ordinary shares and B Ordinary shares entitle the holders to receive notice of or to attend or vote at a general meeting and carry one vote per share. Ordinary shares and B Ordinary shares carry no right to fixed income. In the event of a distribution of profits the distribution shall be applied amongst the holders of the Ordinary and B Ordinary shares as if they constituted one class of share in proportion to the percentage of shares held by them.

Deferred shares do not entitle the holders to receive notice of or to attend or vote at a general meeting. Deferred shares do not entitle the holders to participate in any profits or assets of the company.

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

10 Called up share capital

(Continued)

Reconciliation of movements during the period:

	Ordinary shares Number	A Ordinary shares Number	B Ordinary shares Number	Preference shares Number	Deferred shares Number
At 1 December 2015	200	-	-	1	-
Issue of fully paid shares	414	454	956	711,000	-
Redesignate to Ordinary shares	454	(454)	-	-	-
Redesignate to Deferred shares	-	-	-	(711,001)	711,001
At 31 March 2017	1,068	-	956	-	711,001

On 2 March 2016, 230 Ordinary shares of £1 each were issued at par and fully paid for cash consideration to increase the capital base of the company.

On 2 March 2016, 454 A Ordinary shares of £1 each were issued and fully paid at a premium of £89.28 per share, for cash consideration, to increase the working capital of the business.

On 2 March 2016, 711,000 Preference shares of £1 each were issued at par. Of the shares, 511,000 were fully paid for cash consideration and 200,000 were paid in consideration for the release of all liabilities of the company in relation to an outstanding debt of £200,000 advanced to the company under a loan agreement dated 24 November 2015.

On 21 December 2016 a resolution was passed to subdivide the 430 Ordinary shares of £1 into 43,000 Ordinary shares of £0.01 each.

On 21 December 2016 a resolution was passed to subdivide the 454 A Ordinary shares of £1 into 45,400 A Ordinary shares of £0.01 each and redesignate as Ordinary shares.

On 21 December 2016 a resolution was passed to redesignate each of the 711,001 preference shares of £1 each as Deferred shares of £1 each.

On 21 December 2016, 18,400 Ordinary shares of £0.01 each were issued and fully paid at par for cash consideration, to increase the working capital of the business.

On 21 December 2016, 95,626 B Ordinary shares of £0.01 each were issued and fully paid at a premium of £31.36 per share, for cash consideration, to increase the working capital of the business.

On 28 July 2017 49,972 B Ordinary shares of £0.01 each were issued and fully paid at a premium of £39.51 per share, for a cash consideration, to fund sales growth and meet working capital requirements.

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Steven Knowles.

The auditor was Knowles Warwick Limited.

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

12 Financial commitments, guarantees and contingent liabilities

There were no contingent liabilities at the period end (2015 - £nil)

13 Operating lease commitments

Lessee

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

	2017 £	2015 £
	37,260	30,000

14 Related party transactions

During the period a loan from Finance Yorkshire Equity LP was written off as part of the package of measures needed to secure additional equity funding. The loan balance at the period end was £nil (2015 - £550,000). £350,000 of the brought forward loan balance was written off and £200,000 converted into share capital.

15 Directors' transactions

Loans have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Mr H T L Wust - Directors loan	3.50	52,931	15,440	2,712	(68)	71,015
Mr O J Bryssau - Directors loan	3.50	51,155	16,100	2,571	(3,209)	66,617
		<u>104,086</u>	<u>31,540</u>	<u>5,283</u>	<u>(3,277)</u>	<u>137,632</u>

ORIGIN BROADBAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2017

16 Reconciliations on adoption of FRS 102

Reconciliation of equity

		1 December 2014 £	30 November 2015 £
	Notes		
Equity as reported under previous UK GAAP		1,096,407	49,184
Adjustments arising from transition to FRS 102:			
Deferred tax asset	A	(74,063)	(303,873)
Deferred tax liability	A	69,877	79,959
Bad debt provision	B	(32,092)	-
Holiday pay	C	(5,078)	(2,827)
Equity reported under FRS 102		<u>1,055,051</u>	<u>(177,557)</u>

Reconciliation of loss for the financial period

		2015 £
	Notes	
Loss as reported under previous UK GAAP		(1,047,224)
Adjustments arising from transition to FRS 102:		
Deferred tax asset	A	(229,810)
Deferred tax liability	A	10,082
Bad debt provision	B	32,092
Holiday pay	C	2,251
Loss reported under FRS 102		<u>(1,232,609)</u>

Notes to reconciliations on adoption of FRS 102

A - Deferred tax asset

FRS102 indicates that deferred tax can only be recognized only to the extent that it is probable that they will be recovered against future taxable profits. While the company expects to generate taxable profits in the coming years against which the losses will be relieved the company has elected not to recognise the deferred tax asset as the latest financial forecasts suggest the losses will remain unrelieved within the 12 months of the balance sheet date.

B - Bad debt provision

Bad debt provisions that could not be readily estimated were provided for in a prior year. These have been unwound to be consistent with current year balances with no net impact on the current period.

C - Holiday pay accrual

A calculation for the potential liability to the company for holiday pay has been calculated and provision made for prior periods.