

Company registration number 12487672 (England and Wales)

**LIGHTSPEED BROADBAND LTD**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**PAGES FOR FILING WITH REGISTRAR**

# **LIGHTSPEED BROADBAND LTD**

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# LIGHTSPEED BROADBAND LTD

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Intangible assets	5	633,879		24,559	
Tangible assets	6	1,164,880		20,000	
			1,798,759		44,559
<b>Current assets</b>					
Debtors	7	1,298,063		12,040	
Cash at bank and in hand		148,176		83,694	
			1,446,239		95,734
<b>Creditors: amounts falling due within one year</b>	8	(7,773,784)		(461,238)	
<b>Net current liabilities</b>			(6,327,545)		(365,504)
<b>Total assets less current liabilities</b>			(4,528,786)		(320,945)
<b>Provisions for liabilities</b>					
Deferred tax liability	9	100,000		-	
			(100,000)		-
<b>Net liabilities</b>			(4,628,786)		(320,945)
<b>Capital and reserves</b>					
Called up share capital	10	100		100	
Profit and loss reserves		(4,628,886)		(321,045)	
<b>Total equity</b>			(4,628,786)		(320,945)

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 29 June 2022 and are signed on its behalf by:

Graham Robert Bell  
Director

Company Registration No. 12487672

# LIGHTSPEED BROADBAND LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 January 2020</b>		-	-	-
<b>Year ended 31 December 2020:</b>				
Loss and total comprehensive income for the year		-	(321,045)	(321,045)
Issue of share capital	10	100	-	100
<b>Balance at 31 December 2020</b>		100	(321,045)	(320,945)
<b>Year ended 31 December 2021:</b>				
Loss and total comprehensive income for the year		-	(4,307,841)	(4,307,841)
<b>Balance at 31 December 2021</b>		100	(4,628,886)	(4,628,786)

# LIGHTSPEED BROADBAND LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Lightspeed Broadband Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Fulney Hall, Holbeach Road, Spalding, Lincolnshire, PE12 6ER.

#### **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.

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. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The company commenced operations towards the end of the financial year and incurred a loss in the period. The company is currently in the initial phase of growth as its launching its fibre network and connecting customers in different towns. The company's activities are financed by its shareholders, related parties and other borrowings.

At the reporting date, the company was in a net liability position of £4.6m (2020: £320k), had a net current liability position of £6.3m (2020: net current liability of £366k) and had a bank position of £148k (2020: £84k). During the year, the company's parent raised £22m from its shareholders to build the fibre network and launch its operations in different towns. As at the year-end, the parent company had £3.7m to support the company. As at the signing date of these financial statements, the total loans committed to the group by its shareholders for the network build costs and operations amounted to £55m.

In December 2021, the group signed a senior debt facility with an external institution for £60 million to support the construction of the network and roll-out of its fibre services in new towns and has drawn down £50 million by May 2022 to support the growth of the group. As at 31 May 2022, the group had a bank position of £35m and a net current asset position of £37.3m. As at the signing date of these financial statements, the group is also in the initial phase of discussions to raise additional funds to support its activities beyond the current planned network build costs.

The directors have made an assessment of the group's ability to continue as a going concern which included the group's cash resources, borrowing facilities, planned network costs, and other expenditure.

In accordance with their responsibilities, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements. For this basis they have reviewed the financial and cash flow projections for the next 12 months from the date of the approval of the financial statements.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# LIGHTSPEED BROADBAND LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover is presented net of VAT and other sales related taxes. Revenue is measured based on the consideration specified in a contract with a customer. All revenue is derived from the principal operations of the group and is recognised as the services are provided to customers.

The Company's revenues are earned from the provision of fixed connectivity services to customers based on standard term contracts, usually 12-24 months. A fixed monthly fee is charged for the duration of the customer contract period. The monthly transaction price is fixed at the outset of the contract period and is deemed to be the transaction price.

On inception of a contract we identify our obligation for each of the distinct goods or services we have promised to deliver to the customer. The consideration specified in the contract is allocated to each obligation based on their relative standalone selling prices, and is recognised in revenue as they are satisfied.

Below we summarise the revenue recognition policy for each of our major revenue line and provides information on the time of when they are satisfied.

Services - Revenue is recognised on a straight line basis over the contract term as the services are provided, reflecting the customer simultaneously receiving and consuming the service. The services are billed and paid for on a monthly basis.

Installation costs - These fees are recognised as revenue when installation is completed.

Hardware - Revenue from equipment sales is recognised at a point in time when control of the hardware is passed to the customer. This usually occurs when a customer signs a new contract, the connectivity service is due to commence and the hardware is sent to the customer.

There are no material obligations in respect of returns, refunds or warranties.

For subscriber promotions, such as discounts or free services during an introductory period, revenue is recognised only to the extent of the discounted monthly fees to the customer.

Certain upfront costs associated with contracts that have substantive termination penalties and a term of one year or more are recognised as assets and amortised to operating costs and expenses over the applicable period benefited.

#### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years Straight line method
Website development	10 years Straight line method
Brand development	10 years Straight line method

#### 1.5 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.

# LIGHTSPEED BROADBAND LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the lease term
Fixtures and fittings	25% Straight line method
Computers and IT Equipment	33% Straight line method
Motor vehicles	25% Straight line method
Customer premises equipment	Over the Customer contract period

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.

#### 1.6 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.

#### 1.7 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.

#### 1.8 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.

# LIGHTSPEED BROADBAND LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### **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.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.



# LIGHTSPEED BROADBAND LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 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.

#### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.13 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

#### **1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# LIGHTSPEED BROADBAND LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Going concern**

When the Directors review forecast assumptions used in the going concern assessment, they apply judgement on what are considered reasonably possible changes in trading performance including the impact of Covid-19 and Brexit. These judgements are subjective in nature, but such considerations are necessary for the Directors to confirm the viability of the Company and the treatment of it as a going concern.

#### **Taxation**

The recognition for deferred tax assets may be uncertain as the extent to which tax losses can be utilised depends on future taxable profits and on the tax legislation then in force.

Recovery of the deferred tax asset relating to tax losses is estimated using an extrapolation of the Group's five-year plan. Sensitivities have been applied to these forecasts. Accordingly, an increase or decrease in future profitability would increase or decrease the asset recognised.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

The directors makes estimates and assumptions concerning the future. 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 within the next financial year are disclosed below.

#### **Tangible and intangible assets**

Depreciation and amortisation is provided on all tangible and intangible assets respectively, on a straight-line basis at rates calculated to write off the cost of each asset over the shorter of its leasing period or estimated useful life. The estimation of an asset's useful economic life has a significant effect on the annual depreciation and amortisation charge. The Directors review the useful lives and residual values of the items of tangible and intangible assets on a regular basis.

#### **Trade Receivables**

- Impairment of trade receivables - The directors review the portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the directors make judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimate future cash flows expected.

# LIGHTSPEED BROADBAND LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2021 Number	2020 Number
27	-

### 4 Directors' remuneration

2021 £	2020 £
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Remuneration for qualifying services	539,497	-
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Remuneration disclosed above include the following amounts paid to the highest paid director:

2021 £	2020 £
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Remuneration for qualifying services	166,980	-
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### 5 Intangible fixed assets

	Software £	Website development £	Brand development £	Total £
<b>Cost</b>				
At 1 January 2021	-	24,559	-	24,559
Additions	239,600	298,529	51,191	589,320
Transfers	20,000	-	-	20,000
At 31 December 2021	259,600	323,088	51,191	633,879
<b>Amortisation and impairment</b>				
At 1 January 2021 and 31 December 2021	-	-	-	-
<b>Carrying amount</b>				
At 31 December 2021	259,600	323,088	51,191	633,879
At 31 December 2020	-	24,559	-	24,559

# LIGHTSPEED BROADBAND LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Intangible fixed assets

(Continued)

As at the year-end, the company had launched limited operations in three areas which were considered live trials of the network and operational systems. The network build was still in the process of construction in all areas, including the areas that were used for the initial customer trials. Less than 1% of the partly completed network was in commercial use for the customer trial at the end of the 2021 financial year.

As the network was still work in progress in all areas, combined with the initial launch being conducted as a trial, the network and operational systems are not regarded as having been in full commercial use as at 31 December 2021. Consequently, no depreciation and amortisation has been charged for the year ended 31 December 2021 on tangible and intangible assets relating to commercial operations.

### 6 Tangible fixed assets

	Leasehold land and buildings	Fixtures and fittings	Computers and IT Equipment	Motor vehicles	Customer premises equipment	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2021	-	-	20,000	-	-	20,000
Additions	106,835	31,423	213,462	918,348	15,950	1,286,018
Transfers	-	-	(20,000)	-	-	(20,000)
At 31 December 2021	106,835	31,423	213,462	918,348	15,950	1,286,018
<b>Depreciation and impairment</b>						
At 1 January 2021	-	-	-	-	-	-
Depreciation charged in the year	1,378	652	24,162	94,215	731	121,138
At 31 December 2021	1,378	652	24,162	94,215	731	121,138
<b>Carrying amount</b>						
At 31 December 2021	105,457	30,771	189,300	824,133	15,219	1,164,880
At 31 December 2020	-	-	20,000	-	-	20,000

### 7 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	1,172,474	100
Other debtors	23,579	6,339
Prepayments and accrued income	102,010	5,601
	1,298,063	12,040

# LIGHTSPEED BROADBAND LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 8 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	208,526	29,427
Amounts owed to group undertakings	6,981,775	21,300
Taxation and social security	110,686	18,965
Other creditors	13,608	351,707
Accruals and deferred income	459,189	39,839
	<u>7,773,784</u>	<u>461,238</u>

### 9 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	<u>100,000</u>	<u>-</u>
<b>Movements in the year:</b>		2021 £
Liability at 1 January 2021		-
Charge to profit or loss		100,000
Liability at 31 December 2021		<u>100,000</u>

### 10 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 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 Shilpa Chheda and the auditor was KLSA LLP.

# LIGHTSPEED BROADBAND LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Operating lease commitments

#### Lessee

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

	2021 £	2020 £
Within one year	28,000	-
Between two and five years	112,000	-
In over five years	13,195	-
	<u>153,195</u>	<u>-</u>

### 13 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>539,497</u>	<u>-</u>

The following amounts were outstanding at the reporting end date:

#### Other information

The company has taken advantage of the exemption available in FRS 102 (s33 "Related Party Disclosure"), whereby it has not disclosed transactions with the parent company or any wholly owned subsidiary undertakings of the group.

Included within creditors is a balance due to a company under common control, MGMT SA, of 3,656 (2020: £Nil).

The company provided professional services amounting to £3,656 (2020: £Nil) during the year.

Included within administration expenses is an amount of £256,182 (2020: £Nil) relating to consultancy fees to Atmosclear Investments Limited, related by virtue of common control.

### 14 Ultimate controlling party

The company's immediate parent undertaking is Lightspeed Fibre Group Limited. Its registered office and principal place of business is Fulney Hall, Holbeach Road, Spalding, Lincolnshire, United Kingdom, PE12 6ER.

Lightspeed Fibre Holdings Limited, a company incorporated in England and Wales, is regarded by the directors as being the company's ultimate parent company. Its registered office and principal place of business is Fulney Hall, Holbeach Road, Spalding, Lincolnshire, United Kingdom, PE12 6ER.

In the opinion of the directors, the ultimate controlling party is the Sykes family.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.