RURAL BROADBAND SOLUTIONS PLC

Annual Report and Financial Statements

Year ended 31 December 2021

CONTENTS

Directors and Advisers

Directors	Keith Harris (Executive Chairman) Selwyn Lewis (Non-executive Director) Michael Langoulant (Non-executive Director) Christopher Stone (Non-executive Director) all of the registered office below
Registered Office	Exchange House 54-62 Athol Street Douglas Isle of Man IM1 1JD
Administrator and Registrar	Apex Corporate Services (IOM) Limited (formerly known as Mainstream Fund Services (IOM) Limited) Exchange House 54-62 Athol Street Douglas Isle of Man IM1 1JD
Aquis Exchange Corporate Adviser	Alfred Henry Corporate Finance Limited Finsgate 5-7 Cranwood Street London EC1V 9EE
Corporate Broker	Hybridan LLP 1 Poultry London EC2R 8EJ
Auditor	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE

Chairman's Statement

2021 was a year that saw a continuation of trends in how we work and where we live, with connectivity in even the remotest areas becoming an increasingly essential utility. However, there still remains a huge unmet need here. Just last month the All-Party Parliamentary Group (APPG) on the Rural Powerhouse warned that "Rural Britain is not a museum" and is being "held back" by, among many other things, "slow" broadband connectivity. Your Company is amongst those at the forefront of providing the information highways that can level up the great divide. 2021 has been a pivotal year for the Company. Our initial dark fibre ring, and backhaul capability provided by the December 2021 acquisition of Cadence Networks give RBBS a significant foundation upon which it can build its own national data network, and efficiently provide cutting edge connectivity to a wider range of rural towns and villages. As well as investing in capabilities, partnerships and infrastructure, we have also put a team in place that has the experience and expertise to execute as we move to the next phase of our growth strategy, which we anticipate will see a step change in customer numbers.

In December 2021, we concluded the acquisition of Cadence Networks Limited and completed an additional fund raising of £1.67m. These actions have helped RBBS with its strategic objective of becoming a major presence in the provision of broadband services to rural areas in the UK. Moreover, the acquisition has allowed RBBS to create its own national network from which building its own Fibre network will be facilitated. The money raised not only paid for the cash element of the consideration of the acquisition, but provided the Company with the funds to commence the first phase of its fibre builds.

Key Numbers

We are delighted to present our full year financial results for the year ending 31 December 2021.

The results include a full 12 months of operational results, with revenues of £0.9m resulting in an operating loss of £1.2m which includes a full year of PLC expenses of £0.42m as well as acquisition and specialist consultancy costs of £0.16m and share based payment expenses of £0.26m. Share options have been awarded to all members of staff and are subject to specific performance criteria.

Cash balances were up by £0.55m to £1.34m benefitting from the £1.67m raised in the December fund raise. Fixed assets were up by £0.23m to £0.83m as a result of the acquisition and additional capital spend. It is also worth noting that, SWS's revenue for the whole of 2020 was £0.76m, 2021 revenue represents a growth of 16.4% on the previous year on a like for like basis.

Revenue continues to grow from our existing network. As at 14th May 2022, monthly fee-paying clients totaled 2,851 (up from 2,348 as at the 31st of December 2020). This provides a solid base of recurring revenue. Customer churn remains extremely low reflecting our superior offer in rural areas.

This installed base of clients gives a current annual run rate of over £0.95m of subscription revenues. This growth does not include the additional revenue that will be generated as a result of the Project Gigabit Opportunity (villages) and the Fibre to the Premise (FTTP) solution for small towns - work for both commenced just prior to the year-end in 2021.

Growth of the Business

In the Chairman's Statement in last year's Annual Report and Accounts, I stated that "we will be pushing forward to deliver the implementation of our growth strategy." Throughout 2021, this is what we have been doing and the Company's ambition continues to reflect the much larger market opportunity that now prevails.

During that time, we have continued to prepare the foundations for business growth by enlarging the management team and the premises required to operate a bigger operating entity. We have also been deploying the proceeds from our recently raised equity capital, not only to continue to grow our core customer base, which is described in more detail below, but also to plan a much more aggressive expansion into the rural broadband market. To this end, we hired Analysys Mason, a well-known specialist consultancy in the field of digital infrastructure planning, to analyse, review and report on the strategy on which we are embarking.

Chairman's Statement (continued)

The attraction of acquiring Cadence was influenced by the opportunity to collaborate with its founders, particularly Adam Gent who is now Chief Technical Officer for the Group. Adam has an enviable track record in the field of business-to-business core fibre network solutions and has already considerably bolstered the quality and resilience of the existing Fixed Wireless Access (FWA) network. In December we announced that this would allow Chris New to move towards a CEO role in 2022. This transition is now complete as of midway through Q1 2022. This is a non-Board role.

The acquisition of Cadence has also considerably increased our data transfer capacity and at a much cheaper price than previous leased lines and will allow RBBS to sell services on a business-to-business basis. From that base, we continue to concentrate on growing the size and scope of our business in Shropshire for the benefit of our shareholders and the satisfaction of our customers and on taking our trading model into other rural areas of the UK.

Capital Availability and Outlook

We are encouraged and excited by the planned expansion of our services and by the potential for the Company borne from the existing and growing size of the rural broadband market and the significant planning and research that we have done in conjunction with Analysis Mason. We are also encouraged by the ever increasing demand within the UK for nationwide fast and reliable broadband. Our dynamic business sector has become a critical element in returning the economy to growth. We are focused on delivering first rate services to our growing customer base, thereby maximising our return on investment to all our stakeholders and have commenced the first phase of our fibre build within Shropshire.

In our December 2021 statement, we announced that we have appointed Investec Bank plc as infrastructure funding advisor because the Investec team has specialist expertise in the digital infrastructure sector and can facilitate access to various potential sources of funding. Investec continues to progress an infrastructure fundraising process to finance both ultrafast and gigabit capable broadband build out from both existing and new markets. We now expect to conclude this process during the Summer.

The ability to have got this far inevitably relies upon high quality human resources and in this respect I would like to record my sincere thanks to our management team led by Chris New which has faced a fast evolving environment with skill, hard work and dedication. As a result, I look forward with confidence to our achieving the progress we are seeking throughout this year and beyond.

Keith Harris
Chairman
1 June 2022

CEO Report

The Project Gigabit Opportunity

In the light of the strengthening demand for better quality broadband in rural areas of the UK, we have increased our ambitions for anticipated penetration of the market. In mid-March 2021, Building Digital UK (BDUK), which is part of the Department of Culture, Media and Sport, (DCMS), re-launched its rural gigabit-capable funding scheme under the new brand, 'Project Gigabit'. It continues to pledge £5 billion, with an initial £1.2 billion being released over the next four years, of which £210 million is allocated to the consumer driven voucher scheme.

The scheme enables community groups to access up to £1,500 per domestic household and £3,500 per business. The scheme is only available to registered Communication Providers who can implement solutions through the redemption of the voucher funding. SWS is appropriately registered so that it can take advantage of this opportunity and has approved Vouchers of £2.5m (including VAT) which will be received when connections are made within its existing build area. SWS has applied for an additional £20 million worth of vouchers (including VAT) although some or all of these may fall (as and when BDUK decide) under project Gigabit where companies bid for groups of premises organized into separate lots. This is explained in more detail below.

Between January and May, BDUK have been working to identify properties within Shropshire which have not been targeted within existing authorised voucher projects. It has also been identifying which areas may deliver solutions sooner should they be 'deferred' from the supplier driven projects in preference to voucher solutions. To this end, and so far we have only been building fibre in areas for which voucher projects have already been authorised (the £2.5m highlighted above). BDUK have put a temporary halt on further voucher approvals until their exercise of identification is complete. We anticipate that this halt will be lifted by mid-June. We shall then proceed with further visible opportunities including those where we have submitted the additional £20m of vouchers.

As noted, we have already increased our recurring FWA customer base to just over 2,850 monthly paying connections and we have identified and have commenced building fibre into eight villages which will pass at least four hundred homes and businesses by the end of July.

Fibre to the Premise (FTTP) solution for small towns

Fibre to the Cabinet (FTTC) copper connections are severely restricted in respect of delivery; they can deliver a maximum of 80 Mbps to premises within a range of three hundred metres from a green cabinet. This drops rapidly to 30 Mbps within one kilometre and to 10 Mbps within its maximum range of three kilometres.

FTTP incurs lower operating expenditure than FWA and is regarded as the best solution available in the market. It is able to deliver multigigabit speeds, restricted only by the equipment joined by the fibre, thereby creating for RBBS a valuable future-proof asset. Each 'gigabit town' contains a local telephone exchange and has properties which are currently reached by an FTTC solution. These are the towns to which the 'gigabit villages' would have connected with long reach copper based connections. They also lie within Area 3 (rural areas which can access a voucher under the DCMS gigabit project scheme). Therefore, they can be captured using the same model as that used for villages, but on a much larger scale and with pure fibre. Independently, these towns are currently seen as too small to attract significant competition but yet as a group create a considerable potential base for revenue growth for our Company. The three towns for which vouchers have been approved and into which our networks are currently being built are: Craven Arms, Bishops Castle and Church Stretton.

We have commenced building fibre into the three towns within which we will start passing and connecting customers by the end of August and expect to pass at least 4,600 homes and businesses by the end of 2022.The combination of monthly paying connections generated by our existing and improving FWA network, together with the new monthly paying connections generated by the fibre builds in both the villages and towns should enable RBBS to exceed its initial target of 5,000 monthly paying connections by the end of 2023.

CEO Report (continued)

Note on Project Gigabit

Since bringing the latest phase of government funding 'project gigabit' into central control, BDUK have met challenges in removing the knowledge gained over the past decade by local authorities from the process and in trying to instigate a national 'all together' approach.

The perceived delay in awarding 'lots' has been due to the cautious due diligence through market engagement, whilst at the same time as ramping up commercial deployment to meet the demand.

The picture is moving fast at the moment that great care must be taken not threaten the commercial appetite. We will likely see a number of invitations to tender processes start by the end of the year.

Additional growth opportunities

Through the process of sourcing higher bandwidth capacity within our gigabit-capable network, we have identified a larger customer base opportunity which can be developed in parallel with, and in addition to, the original 5,000 properties initially targeted for our fibre network. We estimate that this population coverage can also be achieved within three years, should sufficient funding be available.

We have identified twenty new 'gigabit town' projects within the Shropshire area, consisting of over 20,000 domestic and business properties and through our work with Analysis Mason have identified a further 51,000 premises in and around Shropshire into which fibre networks can be built. In short we have identified an addressable market of 80,000 premises (including those premises that lay within our current FWA network and current build program). We anticipate that the majority of these premises will be eligible for voucher funding or funding from project gigabit.

With the emergence of this new opportunity, we are now in the process of identifying other areas in the UK into which we can implement this scalable model. In order to be able to meet this expanded project target, we have partnered with a national engineering and fibre installation company, with a long track record, considerable experience and more than one hundred skilled engineers. They also have their own Openreach accredited training department to enable them to have control over engineering resource demands. This will allow us to target more areas simultaneously without the need to carry a large engineering overhead.

Accreditation within Openreach

We are fully accredited within Openreach and, we have the ability to re-use its ducts and poles and have access to its telephone exchanges and 'dark fibre.' We are therefore able to add an FTTP solution to our portfolio, not only within the newly identified towns but also to the original villages. High capacity bandwidth to the villages will be supplied over our existing wireless mast infrastructure which continues to undergo gigabit-capable upgrades. Those targeted properties which lie outside the villages or towns and are unable to be uplifted by us to an FTTP solution, will still be able to receive a faster broadband connection through our existing FWA mast coverage.

We look forward to closing our infrastructure funding, and to continuing our wider growth strategy. We are incredibly well placed with the strength of our team and Board, with Project Gigabit on the horizon and with our technology and accreditation relationships to capitalise on all of our additional growth opportunities.

Chris New
Chief Executive
1 June 2022

Report of the Directors

The Directors hereby submit their annual report together with the audited consolidated financial statements of Rural Broadband Solutions Plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2021.

The Company

The Company is incorporated in the Isle of Man under the Isle of Man Companies Act 2006. The investment strategy of the Company is to identify investment opportunities and acquisitions in the developing market for rural broadband in the UK. The Company seeks to provide Shareholders with an attractive total return achieved primarily through capital appreciation.

Secure Web Services Limited was the first private business identified by the Company to satisfy the investment strategy requirements. An increase in share capital in October 2020 partly funded the acquisition of Secure Web Services Limited and provides working capital to finance its growth.

Cadence Networks Limited was the second private business identified by the Company to satisfy the investment strategy requirements. An increase in share capital in December 2021 partly funded the acquisition of Cadence Networks Limited and will drive organic growth.

Independent Auditor

Jeffreys Henry LLP were appointed as independent auditors and, being eligible, have indicated their willingness to continue in office.

Results and dividends

The Group has reported a loss for the year of £1,114,012 (2020: £727,890). The results and position of the Group at the year-end are set out on pages 15 to 41 of the financial statements.

Directors

The Directors who served during the year and up to the date of this Report were as follows:

	Appointed
Michael Langoulant	
Dr Keith Harris - Chairman	
Selwyn Lewis	
Christopher Stone	8 June 2021

Directors and other interests

Dr Keith Harris holds 36,126,667 Ordinary Shares and 9,460,000 Warrants in the Company. Dr Harris' holding includes 2,000,000 Ordinary shares and 2,000,000 Warrants owned by his wife.

Selwyn Lewis is one of four beneficiaries of a discretionary trust (the other three being his children) whose Trustees are Trident Trust Company (IOM) Limited. Trident Trust Company (IOM) Limited owns Placifor Investment Corporation which holds 35,309,262 Ordinary Shares in the Company.

On 8 June 2021, Christopher Stone was appointed as a director of the Company. He holds 13,000,000 Ordinary Shares and 8,000,000 Warrants in the Company.

Save as disclosed above and in note 26, none of the Directors had any interest during the year in any material contract for the provision of services which was significant to the business of the Company.

Report of the Directors (continued)

Principal risk and uncertainties

The Board regularly reviews the risks to which the company is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible.

Principal risks and uncertainties facing the Group include but are not limited to:

Shareholder value - There is a risk that the new strategy does not add to a sustained increase in shareholder value.

Business model - the risk that the Group's business model is not sustainable due to poor execution of the Group's strategic plan or inability to adapt to changing market conditions.

Financial - any risks that could impact the Group's financial profile, in particular cash flow risk arising from failure to maintain an adequate working capital position.

Compliance - the risk of not meeting relevant legislations, rules and regulations which could cause customers harm, financial losses or reputational damage to the Group.

Operational - the risk that failures of people, processes or internal and third-party systems could lead to a service disruption or financial losses.

Brexit – the risk associated from importing supplies post Brexit.

Covid 19 - the health risk to both members of staff and the ability to roll out the service due to Covid 19.

Future outlook of the business

The Company continues to seek out other opportunities to develop the market for rural broadband services.

On behalf of the Board

Keith Harris
Chairman
1 June 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") (as adopted by the European Union). In preparing those financial statements it is the Directors' responsibility to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

Keith Harris
Chairman
1 June 2022

Independent Auditor's Report to the members of Rural Broadband Solutions Plc

Opinion
We have audited the financial statements of Rural Broadband Solutions Plc (the "parent company") and its subsidiaries (the "Group") for the year ended 31 December 2021 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement, the company cash flow statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the parent company and Group financial statements is applicable law and UK - adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006 (Isle of Man).

In our opinion:

- the financial statements give a true and fair view of the state of the parent company's and Group's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK - adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK - adopted international accounting standards;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 (Isle of Man).

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 FRC's Ethical Standards as applied to listed entities, 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 these 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. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included, as part of our risk assessment, review of the nature of the business of the group, its business model and related risks including where relevant the impact of the COVID-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

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 Group's and parent 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.

Independent Auditor's Report to the members of Rural Broadband Solutions Plc (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Recoverability of investment in and loans to subsidiary The parent company carried investments in subsidiaries of £1.94m (2020: £1.59m) at the year end. The parent company also had amounts owed by subsidiary undertaking of £643k (2020: £207k) at the year end, after recognition of an impairment loss of £544k (2020: £63k). Management's assessment of the recoverable amounts from investments in and loans to subsidiary requires estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the value of investment in the subsidiary, amounts recoverable from the subsidiary and resulting impairment charges. The directors have assessed the recoverability of intercompany balances and have concluded that they are recoverable. However, there is a risk that the subsidiary may not be able to trade as expected in the future due to circumstances outside the control of the company, and therefore the investment and the amounts recoverable may be impaired.	We performed the following audit procedures to address the risk: • reviewed management's assessment of future operating cashflows and indicators of impairment; • assessed the methodology used by management to estimate the future profitability of subsidiary and recoverable value of the investment, in conjunction with any intra-group balances, to ensure that the method used is appropriate; • assessed the reasonableness of the key assumptions used in management's estimates of recoverable value, in line with the economic and industry statistics relevant to the business; • confirmed that any adverse changes in key assumptions will not materially increase the impairment loss; • challenged cash inflows from revenue generating activities and the key assumptions applied in arriving at the expected revenues for the foreseeable future; • assessed the appropriateness and applicability of discount rate applied to the current business performance; • assessed the reasonability of cash outflows, including contracted costs and expected capital expenditure; • reviewed the latest management accounts for all entities in the group to confirm reasonability of assumption used in the cashflow forecast; Based on the audit work performed we are satisfied that the management have made reasonable assumptions in arriving at the value of the subsidiary in the group based on net present value of future cashflow. The net present value of the subsidiary is higher than the investment in and loans issued to them, after the impairment. Therefore, the impairment loss recognised in relation to the loans receivable is accurate.

Independent Auditor's Report to the members of Rural Broadband Solutions Plc (continued)

Key Audit Matter	How the scope of our audit responded to the key audit matter
Accounting for acquisition of subsidiary Management acquired 100% interest in a subsidiary for consideration of £220k during the year. .	We performed the following audit procedures to address the risk: • critically reviewed the consolidation workings, consolidation journals and assessed how the entity was accounted for at the point of acquisition to ensure principals of IFRS 3 have been adhered; • reviewed the share purchase agreement to ensure considerations was included at fair value and the fair values of the assets and the liabilities agreed to the consolidation workings provided by management; • reviewed the share purchase agreement for any clauses which could have future impact on the valuation of assets acquired; • discussed the future operation of the newly acquired subsidiary and synergies expected from the acquisition; • reviewed the consolidated financial statements to ensure all the necessary disclosures were made; Based on the audit work performed we are satisfied that the acquired entity has been accurately consolidated and all necessary disclosures have been made in the financial statement of the Group.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company
Overall materiality	£50k (2020: £63k)	£50k (2020: £54k)
How we determined it	Based on 5% of Net (profit)/loss (2020: 1.5% of Gross Assets)	Based on 5% of Net (profit)/loss of Group financial statements because parent overall materiality cannot be greater than group (2020: 1.5% of Gross Assets)
Rationale for benchmark applied	We believe that Net (profit)/loss is a primary measure used by shareholders in assessing the financial position of the Group and is a generally accepted auditing benchmark.	We believe that Net (profit)/loss is a primary measure used by shareholders in assessing the financial position of the Group and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £54k and £82k.

Performance materiality
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2021 audit (2020: 75%).

Independent Auditor's Report to the members of Rural Broadband Solutions Plc (continued)

We determined performance materiality with reference to factors such as our understanding of the Group and its complexity, the quality of the control environment and ability to rely on controls and the low level of uncorrected misstatements in the prior year audit.

Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £2.5k (Group audit) (2020: £3k) and £2.5k (Company audit) (2020: £2.7k) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is made up of Rural Broadband Solutions Plc and its subsidiary, Secure Web Services Limited and Cadence Networks Limited. Secure Web Services Limited is the main trading entity of the Group. Our full audit scope covered 100% of revenue, 100% of profit before tax and 100% of net assets across the Group.

The Group engagement team performed all audit procedures.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006 (Isle of Man)

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.

Matters on which we are required to report by exception

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

Independent Auditor's Report to the members of Rural Broadband Solutions Plc (continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 (Isle of Man) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 8, 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.

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:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

The extent to which the audit was considered capable of detecting irregularities including fraud (continued)

- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the broadband services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, employment, health and safety legislation and anti-money laundering regulations.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Independent Auditor's Report to the members of Rural Broadband Solutions Plc (continued)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries with specific attributes to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 of the financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- review of legal expenditure incurred during the year;
- reviewing correspondence with IoM tax authority and HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of this report

This report is made solely to the Company's members, as a body, in accordance with Chapter 2 of Part V of the Companies Act 2006 (Isle of Man). 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.

Sanjay Parmar (Senior Statutory Auditor)
For and on behalf of
Jeffreys Henry LLP, Statutory Auditor
Finsgate
5-7 Cranwood Street
London EC1V 9EE
1 June 2022

Consolidated Income Statement

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Turnover		887	128
Cost of sales	5	(333)	(30)
Gross profit		**554**	**98**
Other administration fees and expenses	6	(1,783)	(769)
Other operating income		26	23
Amortisation of intangible assets	9	-	(23)
Operating loss		**(1,203)**	**(671)**
Finance income		-	5
Finance expenses		(8)	(23)
Foreign exchange loss	3	-	(31)
Net finance expense		**(8)**	**(49)**
Loss before income tax		**(1,211)**	**(720)**
Income tax expense	7, 8	97	(8)
Loss for the year		**(1,114)**	**(728)**
Attributable to:			
- Owners of the Parent		(1,114)	(728)
		(1,114)	**(728)**
Basic and diluted loss per share (pence) attributable to the owners of the Parent during the year	12	**(0.36)**	**(0.35)**

The accompanying notes on pages 23 to 41 form an integral part of these financial statements

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loss for the year		**(1,114)**	**(728)**
Other comprehensive expense		-	-
Total comprehensive expense for the year		**(1,114)**	**(728)**
Total comprehensive expense attributable to:			
- Owners of the Parent		(1,114)	(728)
		(1,114)	**(728)**

The accompanying notes on pages 23 to 41 form an integral part of these financial statements

Consolidated Balance Sheet

	Note	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Assets			
Non-current assets			
Intangible assets	9	1,626	1.372
Right-of-use assets	10	17	30
Fixed assets	11	831	605
Subscriptions due	13	950	950
Total non-current assets		**3,424**	**2,957**
Current assets			
Stock	15	223	187
Deferred tax	24	20	-
Trade and other receivables	16	177	146
Cash at bank	17	1,340	789
Total current assets		**1,760**	**1,122**
Total assets		**5,184**	**4,079**
Equity			
Capital and reserves attributable to owners of the Parent:			
Issued share capital	18	3,619	3,041
Warrant reserve	19	77	77
Share option reserve	19	257	-
Retained earnings	20	532	409
Total equity		**4,485**	**3,527**
Liabilities			
Current liabilities			
Bank loan	23	37	12
Lease liability	10	26	28
Trade and other payables	22	472	212
Total current liabilities		**535**	**252**
Non-current liabilities			
Bank loan	23	119	153
Lease liability	10	45	69
Deferred tax	24	-	78
Total non-current liabilities		**164**	**300**
Total liabilities		**699**	**552**
Total equity and liabilities		**5,184**	**4,079**

The financial statements on pages 15 to 41 were approved and authorised for issue by the Board of Directors on 1 June 2022 and signed on its behalf by:

Keith Harris Director

Selwyn Lewis Director

The accompanying notes on pages 23 to 41 form an integral part of these financial statements

Company Balance Sheet

	Note	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Assets			
Non-current assets			
Investment in subsidiary	26, 27	1,942	1,588
Subscriptions due	13	950	950
Total non-current assets		**2,892**	**2,538**
Current assets			
Intragroup balances	14	643	207
Trade and other receivables	16	63	97
Cash at bank	17	1,025	760
Total current assets		**1,731**	**1,064**
Total assets		**4,623**	**3,602**
Equity			
Capital and reserves attributable to owners of the Parent:			
Issued share capital	18	3,619	3,041
Warrant reserve	19	77	77
Share option reserve	19	257	-
Retained earnings	20	532	409
Total equity		**4,485**	**3,527**
Liabilities			
Current liabilities			
Trade and other payables	22	138	75
Total current liabilities		**138**	**75**
Total liabilities		**138**	**75**
Total equity and liabilities		**4,623**	**3,602**

No separate income statement has been presented for the Company. The loss made by the Company for the year ended 31 December 2021 was £1,114,012 after an impairment charge against intragroup balances amounting to £544,366.

The financial statements on pages 15 to 41 were approved and authorised for issue by the Board of Directors on 1 June 2022 and signed on its behalf by:

Keith Harris
Director

Selwyn Lewis
Director

The accompanying notes on pages 23 to 41 form an integral part of these financial statements

Consolidated Statement of Changes in Equity

	Attributable to owners of the parent					
	Share capital	Share premium	Warrant reserve	Share option reserve	Retained earnings/ (deficit)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	1,663	-	-	-	(556)	1,107
Comprehensive expense						
Loss for the year	-	-	-	-	(728)	(728)
Total comprehensive expense for the year	-	-	-	-	(728)	(728)
Transactions with owners						
Issue of shares	1,378	1,770	-	-	-	3,148
Share issue expenses relating to warrants	-	(77)	77	-	-	-
Transfer to retained earnings	-	(1,693)	-	-	1,693	-
Total transactions with owners	1,378	-	77	-	1,693	3,148
Balance at 31 December 2020	**3,041**	**-**	**77**	**-**	**409**	**3,527**
Balance at 1 January 2021	3,041	-	77	-	409	3,527
Comprehensive expense						
Loss for the year	-	-	-	-	(1,114)	(1,114)
Total comprehensive expense for the year	-	-	-	-	(1,114)	(1,114)
Transactions with owners						
Issue of shares	578	1,237	-	-	-	1,815
Share based payments relating to share options	-	-	-	257	-	257
Transfer to retained earnings	-	(1,237)	-	-	1,237	-
Total transactions with owners	578	-	-	257	1,237	2,072
Balance at 31 December 2021	**3,619**	**-**	**77**	**257**	**532**	**4,485**

The accompanying notes on pages 23 to 41 form an integral part of these financial statements

Company Statement of Changes in Equity

	Share capital	Share premium	Warrant reserve	Share option reserve	Retained earnings/ (deficit)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	1,663	-	-	-	(556)	1,107
Comprehensive expense						
Loss for the year	-	-	-	-	(728)	(728)
Total comprehensive expense for the year	-	-	-	-	(728)	(728)
Transactions with owners						
Issue of shares	1,378	1,770	-	-	-	3,148
Share issue expenses relating to warrants	-	(77)	77	-	-	-
Transfer to retained earnings	-	(1,693)	-	-	1,693	-
Total transactions with owners	1,378	-	77	-	1,693	3,148
Balance at 31 December 2020	**3,041**	**-**	**77**	**-**	**409**	**3,527**
Balance at 1 January 2021	3,041	-	77	-	409	3,527
Comprehensive expense						
Loss for the year	-	-	-	-	(1,114)	(1,114)
Total comprehensive expense for the year	-	-	-	-	(1,114)	(1,114)
Transactions with owners						
Issue of shares	578	1,237	-	-	-	1,815
Share based payments relating to share options	-	-	-	257	-	257
Transfer to retained earnings	-	(1,237)	-	-	1,237	-
Total transactions with owners	578	-	-	257	1,237	2,072
Balance at 31 December 2021	**3,619**	**-**	**77**	**257**	**532**	**4,485**

The accompanying notes on pages 23 to 41 form an integral part of these financial statements

Consolidated Cash Flow Statement

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cash flows from operating activities			
Loss for the year before tax		(1,211)	(720)
Adjustments for:			
Finance income		-	(5)
Finance expenses		8	23
Gain on sale of tangible fixed assets		(3)	-
Depreciation and impairment of tangible fixed assets	11	245	30
Amortisation of intangible assets	9	-	23
Share based payments relating to share options		257	-
Foreign exchange loss	3	-	31
Operating loss before changes in working capital		**(704)**	**(618)**
(Increase)/decrease in trade and other receivables		(18)	360
Increase in stock		(36)	-
Increase/(decrease) in trade and other payables		240	(265)
Cash used in operations		**(518)**	**(523)**
Interest received		-	5
Interest paid		(8)	-
Net cash used in operating activities		**(526)**	**(518)**
Cash flows from investing activities			
Purchase of intangible fixed assets	9	(43)	-
Purchase of tangible fixed assets	11	(359)	(108)
Sale of tangible fixed assets	11	8	-
Net cash on acquisition of subsidiary	27	(77)	(946)
Net cash used in from investing activities		**(471)**	**(1,054)**
Cash flows from financing activities			
Issue of shares		1,675	2,291
Principal paid on lease liabilities		(118)	(23)
Interest paid on lease liabilities		-	(1)
Repayment of loans		(9)	-
Net cash generated from financing activities		**1,548**	**2,267**
Net increase in cash and cash equivalents		551	695
Cash and cash equivalents at beginning of the year		789	94
Foreign exchange losses on cash and cash equivalents		-	-
Cash and cash equivalents at end of the year	17	**1,340**	**789**

The accompanying notes on pages 23 to 41 form an integral part of these financial statements

Company Cash Flow Statement

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cash flows from operating activities			
Loss for the year before tax		(1,114)	(720)
Adjustments for:			
Finance income		-	(5)
Impairment of intragroup balances		544	63
Share based payments relating to share options		123	-
Foreign exchange loss	3	-	31
Operating loss before changes in working capital		**(447)**	**(631)**
Decrease in trade and other receivables		34	413
Increase/(decrease) in trade and other payables		58	(130)
Cash used in operations		**(355)**	**(348)**
Interest received		-	5
Net cash used in operating activities		**(355)**	**(343)**
Cash flows from investing activities			
Investment in subsidiary	26	(80)	(1,003)
Loan to subsidiary		(975)	(279)
Net cash used in from investing activities		**(1,055)**	**(1,282)**
Cash flows from financing activities			
Issue of shares		1,675	2,291
Net cash generated from financing activities		**1,675**	**2,291**
Net increase in cash and cash equivalents		265	666
Cash and cash equivalents at beginning of the year		760	94
Foreign exchange losses on cash and cash equivalents		-	-
Cash and cash equivalents at end of the year	17	**1,025**	**760**

The accompanying notes on pages 23 to 41 form an integral part of these financial statements

Notes to the Financial Statements

1 General information

Rural Broadband Solutions Plc (the “Company”) was incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 on 27 June 2006 as a public limited company with registered number 117001C. On 7 January 2011 with the approval of Shareholders in general meeting, the Company was re-registered as a company under the Isle of Man Companies Act 2006 with registered number 006491v. Rural Broadband Solutions Plc and its subsidiaries’ (the “Group”) investment strategy is to identify investment opportunities and acquisitions in the developing market for rural broadband in the UK. The Company seeks to provide Shareholders with an attractive total return achieved primarily through capital appreciation.

The Company’s administration is delegated to Apex Corporate Services (IOM) Limited (formerly known as Mainstream Fund Services (IOM) Limited) (the “Administrator”). The registered office of the Company is Exchange House, 54-62 Athol Street, Douglas, Isle of Man, IM1 1JD.

Pursuant to a prospectus dated 20 October 2006 there was an authorisation to place up to 50 million shares. Following the close of the placing on 26 October 2006, 30 million shares were issued at a price of 100p per share.

The shares of the Company were admitted to trading on the AIM Market of the London Stock Exchange (“AIM”) on 26 October 2006 when dealings also commenced. On the same date the shares of the Company were admitted to the Official List of The International Stock Exchange (the “TISE”).

As a result of a further fundraising in May 2007, 32,292,810 shares were issued at a price of 106p per share, which were admitted to trading on AIM on 22 May 2007.

On 4 June 2018 the listing of the Company’s shares on AIM and on TISE was cancelled.

Pursuant to an Admission Document dated 2 December 2019 there was a placing of 29,000,000 shares on 2 December 2019. On the same date the shares of the Company were admitted to trading on the Aquis Stock Exchange (formerly the NEX Exchange Growth Market).

Pursuant to an Admission Document dated 23 September 2020 there was a placing of 100,000,000 shares and 100,000,000 warrants for the fundraising, consideration shares of 16,000,000 in relation to the acquisition of Secure Web Services Limited (note 27) and 800,000 shares and 1,622,400 warrants issued in consideration for services on 21 October 2020. On the same date the shares of the Company were admitted to trading on the Aquis Stock Exchange.

A further Placing and Subscription took place in December 2021 in order to fund the acquisition of Cadence Networks Limited and drive organic growth before infrastructure funding. There was a placing of 55,833,333 shares and consideration shares of 2,000,000 in relation to the acquisition of Cadence Networks Limited (note 27). These shares were issued and admitted to trading on the Aquis Stock Exchange on 21 December 2021.

The Company’s agents perform all functions, other than those carried out by the Board.

The financial statements were authorised for issue by the directors on 1 June 2022 .

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The financial statements have been prepared on the going concern basis, as the Board of Directors has a reasonable expectation that the Company has the resources to continue in business for the foreseeable future.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

The financial statements have been prepared under the historic cost convention, as described in the accounting policies set out below. These accounting policies are consistent with those in the previous year.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

A number of new standards, amendments to standards and interpretation are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group. The relevant standards are as follows.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IAS1	Presentation of Financial Statements	Amendments regarding the classification of liabilities.	1 January 2023
		Amendments to defer effective date of the January 2020 amendments.	1 January 2023

2.2 Significant accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 discussed below.

(a) Trade receivables and Loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Pound Sterling, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the company income statement.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates; and
(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is disposed of, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. On the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of exchange differences recognised in other comprehensive income is re-attributed to the non-controlling interests. In any other partial disposal of a foreign operation, the proportionate share of the cumulative exchange differences recognised in other comprehensive income is reclassified to profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Revenue and expense recognition

Revenue from the provision of broadband services is recognised by reference to the month it is provided. Revenue is shown net of value added tax.

Interest income is recognised in the financial statements on a time-proportionate basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the period.

Expenses are accounted for on an accruals basis.

2.5 Basis of consolidation

Subsidiaries

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the company considers all relevant facts and circumstances including the size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights, substantive potential voting rights held by the company and by other parties, other contractual arrangements and historic patterns in voting attendance.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and continue to be included until control is lost or ceases.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

Transactions and non-controlling interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised gains/losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.6 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Board of the Company.

The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Based on this internal reporting to the Board, it has been determined that there is only one operating segment, the provision of broadband services in the UK.

2.7 Leases

At inception of the contract, the company assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses

2.8 Tangible fixed assets

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

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

Plant & Machinery	Written off over 1, 3, 4, 6 or 10 years
Motor vehicles	25% straight line
Fixtures & fittings	25% straight line
Computer equipment	25% straight line
Leasehold buildings	Over the period of the lease payments and over 10 years

The gain or loss arising on 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.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

2.9 Financial assets and financial liabilities

Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group classifies financial assets as amortised costs only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

b) Recognition
Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments
Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

d) Impairment
The Group assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.10 Government grant

A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

2.11 Taxation

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the related tax is also dealt with in equity. Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised, except for differences arising on investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of the deferred tax assets is restricted to those instances where it is probable that a taxable profit will be available against which the difference can be utilised.

Deferred tax is calculated based on rates enacted or substantively enacted at the reporting date and expected to apply when the related deferred tax asset is realised, or liability settled.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Warrants and share options

The Company estimates the fair value of the future liability relating to issued warrants and share options using:

- residual method, where a warrant was issued and included as a part of a package placement of “1 share + 1 warrant”
- the Black-Scholes pricing model taking into account the terms and conditions upon which the warrants and share options were issued, if the warrant or share option was granted on its own.

Warrants relating to equity finance are recorded as a reduction of share premium based on the fair value of the warrants. The charge for the share options is recorded under administrative expenses in the consolidated income statement.

2.14 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.

2.15 Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

3 Risk management in respect of financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: loans and receivables and other liabilities as detailed in note 2.9.

Foreign currency risk
Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's operations in the prior year were conducted in jurisdictions which generate revenue, expenses, assets and liabilities in currencies other than Pound Sterling ("the functional currency of the Company"). As a result, the Group was subject to the effects of exchange rate fluctuations with respect to these currencies. The currency giving rise to this risk was the South African Rand.

The Group's policy is not to enter into any currency hedging transactions. There was no exposure to foreign currency risk as at 31 December 2020 or 31 December 2021.

Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	31 December 2021 £'000	31 December 2020 £'000
Subscriptions due	950	950
Trade and other receivables	177	146
Cash at bank	1,340	789
	2,467	**1,885**

The Group manages its credit risk by monitoring the creditworthiness of counterparties regularly. Cash transactions and balances are limited to high-credit-quality financial institutions.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Group currently manages its liquidity risk by maintaining sufficient cash and banking facilities as indicated by its cashflow forecasts. The Group's liquidity position is monitored by the Board of Directors.

Notes to the Financial Statements (continued)

3 Risk management in respect of financial instruments (continued)

Liquidity risk (continued)

The residual undiscounted contractual maturities of financial liabilities are as follows:

31 December 2021	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	No stated maturity £'000
Financial liabilities						
Trade and other payables	472	-	-	-	-	-
	472	**-**	**-**	**-**	**-**	**-**

31 December 2020	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	No stated maturity £'000
Financial liabilities						
Trade and other payables	212	-	-	-	-	-
	212	**-**	**-**	**-**	**-**	**-**

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk from the cash held in interest bearing accounts at floating rates or short-term deposits of one month or less and on loans from third parties. The Company's Board of Directors monitor and review the interest rate fluctuations on a continuous basis and act accordingly.

During the year ended 31 December 2021 should interest rates have decreased by 100 basis points, with all other variables held constant, the shareholders' equity and profit for the period would have been £nil lower (2020: 100 basis points, £5,000 lower).

Capital risk management

The Company's primary objective when managing its capital base is to safeguard its ability to continue as a going concern whilst disposing of the Group's portfolio where acceptable returns can be generated and returning excess capital to shareholders.

Capital comprises share capital (see note 18) and reserves.
No changes were made in respect of the objectives, policies or processes in respect of capital management during the years ended 31 December 2020 and 31 December 2021.

4 Segment Information

The entity is domiciled in the Isle of Man. All of the reported revenue, £886,451 (2020: £127,800) arises in the UK.

5 Cost of sales

	Year ended 31 December 2021 £'000	Year ended 31December 2020 £'000
Broadband services	333	30
Total cost of sales	**333**	**30**

Notes to the Financial Statements (continued)

6 Other administration fees and expenses

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Audit of financial statements of Group and Company	15	11
Audit of financial statements of subsidiaries	13	10
Non-audit services	-	20
Depreciation	245	27
Directors' remuneration and fees	195	84
Directors' insurance cover	19	2
Professional fees	213	78
Acquisition costs	159	395
Gain on sale of tangible assets	(3)	-
Share based payment expense	257	-
Other expenses	670	142
Administration fees and expenses	**1,783**	**769**

Included within other administration fees and expenses are the following:

Directors' remuneration
The maximum amount of basic remuneration payable by the Company by way of fees to the Non-executive Directors permitted under the Articles of Association is £200,000 per annum. All Directors are each entitled to receive reimbursement of any expenses incurred in relation to their appointment. Mr Langoulant and Mr Lewis are entitled to receive an annual fee of £6,000. Mr Stone is entitled to receive an annual fee of £15,000.

Executive Directors' fees
The Chairman is entitled to an annual fee of £85,000.

Subsidiary directors' fees
Remuneration for directors' fees at the subsidiary level amounted to £87,726 (from acquisition to 31 December 2020: £12,089).

All directors' remuneration and fees
Total fees and basic remuneration (including VAT where applicable) paid to the Directors for the year ended 31 December 2021 amounted to £194,862 (31 December 2020: £84,459) and was split as below. Directors' insurance cover amounted to £19,183 (31 December 2020: £1,510).

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Selwyn Lewis	6	5
Michael Langoulant	6	6
Christopher Stone	8	-
Keith Harris	85	65
Directors of the subsidiary	88	12
Former director	-	(4)
Expenses reimbursed	2	-
	195	84

Notes to the Financial Statements (continued)

7 Income tax expense

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax	**-**	**-**

The tax on the Group's loss before tax is higher than the standard rate of income tax in the Isle of Man of zero per cent. The differences are explained below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loss before tax	(1,211)	(728)
Tax calculated at domestic tax rates applicable in the Isle of Man (0%)	-	-
Effect of higher tax rates in UK (19%)	-	-
Tax expense	**-**	**-**

8 Deferred tax

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Origination and reversal of timing differences	(97)	8
Total deferred tax	(97)	8
Total tax (credit)/charge	**(97)**	**8**

The total tax charge for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loss before tax	(1,211)	(728)
Expected tax charge based on the standard rate of corporation tax in the UK of 19%	(122)	(8)
Tax effect of expenses that are not deductible in determining taxable profit	70	25
Tax effect of capital allowances claimed	10	(46)
Effect of losses (utilised)/carried forward	139	21
Tax credit/(expense)	**97**	**(8)**

At the balance sheet date, the Group had losses available for tax relief of £921,037 (2020: £189,482). These losses arise due to accelerated capital allowance.

Deferred tax asset of £96,646 (2020: liability of £77,695) has been recognised in connection with the accelerated capital allowances received.

Notes to the Financial Statements (continued)

9 Intangible assets

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Goodwill		
At 1 January	1,372	-
Acquisition of subsidiary (note 27)	184	1,395
Amortisation	-	(23)
At 31 December	1,417	1,372
Capitalised time		
At 1 January	-	-
Additions	43	-
Acquisition of subsidiary (note 27)	37	-
Amortisation	(10)	-
At 31 December	70	-
Total	1,487	1,372

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. Consistent with the segmental reporting, the business has one cash generating unit to which all goodwill arising on acquisitions has been allocated. The recoverable amount of the cash generating unit is determined by reference to fair value of the cash generating unit less estimated costs of disposal. The fair value of the cash generating unit is determined with reference to a Level 1 input, based on the quoted share price in an active market. As at 31 December 2021, the recoverable amount of the cash generating unit was considered to be significantly in excess of its book value.

10 Leases

Right-of-use assets	**Plant and machinery £'000**	**Land and buildings £'000**	**Vehicles £'000**	**Total £'000**
Cost or valuation				
At 1 January 2021	-	17	13	30
Additions	-	-	-	-
Amortisation	-	(7)	(6)	(13)
At 31 December 2021	-	10	7	17

Lease liabilities	**Plant and machinery £'000**	**Land and buildings £'000**	**Vehicles £'000**	**Total £'000**
Cost or valuation				
At 1 January 2021	-	80	17	97
Additions	92	-	-	92
Interest expense	-	-	-	-
Lease payments	(91)	(16)	(11)	(118)
At 31 December 2021	1	64	6	71
Current	-	22	4	26
Non-current	1	42	2	45
At 31 December 2021	1	64	6	71

Notes to the Financial Statements (continued)

10 Leases (continued)

Right-of-use assets	**Land and buildings**	**Vehicles**	**Total**
	£'000	**£'000**	**£'000**
Cost or valuation			
At 1 January 2020	-	-	-
Acquired with subsidiary	18	14	32
Additions	-	-	-
Amortisation	(1)	(1)	(2)
At 31 December 2020	17	13	30

Lease liabilities	**Land and buildings**	**Vehicles**	**Total**
	£'000	**£'000**	**£'000**
Cost or valuation			
At 1 January 2020	-	-	-
Acquired with subsidiary	14	18	32
Additions	86	-	86
Interest expense	-	-	-
Lease payments	(20)	(1)	(21)
At 31 December 2020	80	17	97
Current	22	6	28
Non-current	58	11	69
At 31 December 2020	80	17	97

Notes to the Financial Statements (continued)

11 Tangible fixed assets

	Plant & machinery £'000	Motor vehicles £'000	Fixtures & fittings £'000	Computer equipment £'000	Freehold building £'000	Total £'000
Cost or valuation						
At 1 January 2021	934	81	60	155	94	1,324
Acquired with subsidiary	-	-	1	80	-	81
Additions	429	-	14	8	-	451
Disposals	(3)	(5)	-	-	-	(8)
At 31 December 2021	1,360	76	75	243	94	1,848
Depreciation						
At 1 January 2021	(464)	(56)	(52)	(144)	(3)	(719)
Acquired with subsidiary	-	-	(1)	(70)	-	(71)
Charge for the year	(196)	(7)	(4)	(5)	(18)	(230)
Disposals	1	2	-	-	-	3
At 31 December 2021	(659)	(61)	(57)	(219)	(21)	(1,017)
Net book value						
At 31 December 2021	701	15	18	24	73	831
At 31 December 2020	470	25	8	11	91	605

12 Basic and diluted loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of shares in issue during the year.

	Year ended 31 December 2021	Year ended 31 December 2020
Loss attributable to equity holders of the Company (£'000)	(1,114)	(728)
Weighted average number of shares in issue (thousands)	305,836	205,964
Basic loss per share (pence per share)	**(0.36)**	**(0.35)**

(b) *Diluted*

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two category of dilutive potential ordinary shares: warrants and share options.

As the Group is reporting a loss from continuing operations for the year, in accordance with IAS 33, the warrants and share options are not considered dilutive because the exercise of the warrants or share options would have an anti-dilutive effect. The basic and diluted loss per share as presented on the face of the Consolidated Income Statement are therefore identical.

13 Subscriptions due

On 10 September 2019 75 million Ordinary Shares were allotted, 37.5 million to Michael Meyer (former Chairman of the Company) and 37.5 million to Barry Hersh. The Ordinary Shares were issued at a price of 1 pence per share. The consideration for the Ordinary Shares is to be left outstanding on terms that it shall be paid to the Company in full by 31 December 2024.

Notes to the Financial Statements (continued)

13 Subscriptions due (continued)

On 17 March 2020 20 million Ordinary Shares were allotted to Keith Harris (Chairman of the Company). The Ordinary Shares were issued at a price of 1 pence per share. The consideration for the Ordinary Shares is to be left outstanding on terms that it shall be paid to the Company in full by 31 December 2024.

14 Intragroup balances

Intragroup balances are unsecured, interest-free and repayable on demand.

15 Stock

	31 December 2021 £'000	31 December 2020 £'000
Stock of raw materials	223	187

No impairment has been recognised during the year in respect of plant and equipment used by the Group for installations, network improvement and network build.

16 Trade and other receivables

Group	31 December 2021 £'000	31 December 2020 £'000
Trade debtors	38	8
Prepayments	66	49
Proceeds due from sale of inventory and sale of subsidiary*	-	13
VAT receivable	63	76
Other receivables	10	-
Trade and other receivables	**177**	**146**

* proceeds were held in escrow by the South African administrator

Company	31 December 2021 £'000	31 December 2020 £'000
Prepayments	31	21
VAT receivable	32	76
Trade and other receivables	**63**	**97**

The fair value of trade and other receivables approximates their carrying value.

17 Cash and cash equivalents

Group	31 December 2021 £'000	31 December 2020 £'000
Bank balances	1,340	789
Cash at bank	**1,340**	**789**

Company	31 December 2021 £'000	31 December 2020 £'000
Bank balances	1,025	760
Cash at bank	**1,025**	**760**

Notes to the Financial Statements (continued)

18 Share capital

Ordinary Shares of 1p each	As at 31 December 2021 Number	As at 31 December 2021 £'000
Authorised	800,000,000	8,000
Issued and fully paid up	361,926,143	3,619

Ordinary Shares of 1p each	As at 31 December 2020 Number	As at 31 December 2020 £'000
Authorised	800,000,000	8,000
Issued and fully paid up	304,092,810	3,041

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

No distributions were paid during the year (31 December 2020: none).

On 21 December 2021 the Company issued 55,833,333 Ordinary Shares at 3 pence per Ordinary Share and 2,000,000 Ordinary Shares at 7 pence per Ordinary Share.

19 Warrants and share options

Warrants

The number and weighted average exercise price of warrants in issue for the year ended 31 December 2021 and 2020 is as follows:

	31 December 2021		31 December 2020	
	Outstanding (000s)	Weighted average exercise price (£)	Outstanding (000s)	Weighted average exercise price (£)
Opening balance 1 January	101,622	0.04	-	-
Issued	-	-	101,622	0.04
Exercised	-	-	-	-
Closing balance 31 December	101,622	0.04	101,622	0.04

On 21 October 2020 the Company issued 101,622,400 Warrants which can be exercised within 2 years of issue at a price of 4 pence per Warrant to receive 1 Ordinary Share for each Warrant exercised.

The estimate of the fair value of the Warrants is measured based on the Black-Scholes model. The following inputs were used in the calculation of the fair value of the warrants granted.

	31 December 2021	31 December 2020
Fair value (£000s)	77	77
Share price (£)	0.025	0.025
Expected volatility	30%	30%
Expected warrants life (years)	1	2
Expected dividend yield	0%	0%
Risk-free interest rate	0.33%	0.33%

The expected volatility is based on the historical share prices of a group of companies deemed to be comparable.

Notes to the Financial Statements (continued)

19 Warrants and share options (continued)

Share options

The Company has issued share options as an incentive to management of the subsidiary company Secure Web Services Limited and to the senior management of the Company. In addition, the Company has issued warrants to senior management and advisers in payment or part payment for services provided to the Group. All share options granted during the period were granted under individual agreements and are subject to market and service vesting conditions. These options are HMRC approved EMI options. The vesting conditions fall into the 3 main categories:

- Salary sacrifice for certain individuals where no further vesting condition is required;
- Numbers of monthly paying customers sustained over a three month period;
- Share price hurdles based on share values of 4.5p, 7.5p and 10.5p over 3 consecutive months or a liquidity event at that price per share at any time following the award of the options.

Each share option converts into one ordinary share of the Company on exercise and are accounted for as equity-settled share-based payments. The equity instruments granted carry neither rights to dividends nor voting rights.

Share options in issue:

	Units	**Weighted average exercise price**
Granted during the year	29,250,000	1.0p
Balance at 31 December 2021	**29,250,000**	**1.0p**
Exercisable at 31 December 2021	**-**	**-**

The fair value is estimated at the date of grant using the Black-Scholes pricing model, taking into account the terms and conditions attached to the grant. The following are the inputs to the model for the equity instruments granted during the period:

	2021 Options Inputs
Expected life	**3.5 years**
Expected volatility	**12.4%**
Risk-free interest rate	**0.75%**
Share price at grant	**4p**
Fair value per award	**1.35p**

During the current period a total of 29,250,000 share options exercisable at a weighted average price of £0.01 were granted. The share options outstanding as at 31 December 2021 have a weighted remaining contractual life of 2.5 years with an exercise price of £0.01.

The value of share options charged to administrative expenses in the Statement of Comprehensive Income during the year is as follows:

	Year ended 31 December 2021 £'000
Share options	257
Total	257

Notes to the Financial Statements (continued)

20 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere
Warrant reserve	The warrants reserve arises on the issue of warrants. Refer note 19 for further information.
Share option reserve	The share option reserve arises on the issue of share options. Refer note 19 for further information.

21 Net asset value ("NAV") per share

	31 December 2021	31 December 2020
Net assets attributable to equity holders of the Company (£'000)	4,485	3,535
Shares in issue (in thousands)	361,926	304,093
NAV per share (£)	**0.01**	**0.01**

22 Trade and other payables

Group	31 December 2021 £'000	31 December 2020 £'000
Trade creditors	263	115
Other taxation and social security	23	11
Other payables	146	76
Bank loans (note 23)	37	12
Loans from directors of subsidiaries	26	-
Accruals and deferred income	14	10
Trade and other payables	**509**	**224**

At the balance sheet date the following loans were outstanding:

Group	31 December 2021 £	31 December 2020 £
Christopher New, director - Secure Web Services Limited	-	86
Kay Leacock - director - Cadence Networks Limited	1,344	-
Adam Gent - director - Cadence Networks Limited	12,234	-
Ashley Young - director - Cadence Networks Limited	12,234	-
	25,812	**86**

These loans are interest free and repayable on demand.

Notes to the Financial Statements (continued)

22 Trade and other payables (continued)

Company	31 December 2021 £'000	31 December 2020 £'000
Directors' fees payable	-	-
Other payables	138	75
Trade and other payables	**138**	**75**

The fair value of trade and other payables approximates their carrying value.

23 Bank loans

	31 December 2021 £'000	31 December 2020 £'000
Bank loans	119	153
Creditors: amounts falling due after one year	**119**	**153**

Secure Web Services Limited applied for a loan under the Coronavirus Business Interruption Loan Scheme ("CBILS") on 17 September 2020. A loan in the principal amount of £164,785 was granted with a term of 5 years at an annual fixed interest rate of 8.90 per cent. The loan is repayable in 48 equal monthly instalments of £4,093 with no repayments required in the first 12 months from the grant date. The loan is secured by a floating charge over the assets of the group and the company, Secure Web Services Limited.

24 Deferred tax

	(Assets)/Liabilities 31 December 2021 £'000	Liabilities 31 December 2020 £'000
Balances:		
Accelerated capital allowances	155	114
Tax losses	(175)	(36)
	(20)	**78**

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Movements in the year:		
Liability at 1 January	78	-
Acquired with subsidiary	-	70
Charge to profit or loss	(98)	8
(Asset)/Liability at 31 December	**(20)**	**78**

25 Contingent liabilities and commitments

As at 31 December 2021 the Group had no contingent liabilities or commitments.

Notes to the Financial Statements (continued)

26 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions. Key management is made up of the Board of Directors who are therefore considered to be related parties and the transactions were made at arm's length. Fees in relation to the Directors are disclosed in note 6. Shares allotted to related parties are disclosed in notes 13 and 18.

The principal subsidiary undertakings within the Group as at 31 December 2021 are:-

	Country of incorporation	Percentage of shares held
Secure Web Services Limited	United Kingdom	100%
Cadence Networks Limited	United Kingdom	100%

Management fees charged to the subsidiary, Secure Web Services Limited, amounted to £134,450 (2020: £19,750). At the balance sheet date there was a balance of £12,200 (2020: £7,600) owed to the Company.

During the year, £975,000 was provided to Secure Web Services Limited, by way of an intercompany loan (2020: £271,670). At the balance sheet date there was a loan outstanding of £1,246,670 (2020: £271,670). This loan is interest-free, unsecured and repayable on demand.

27 Acquisition of subsidiary

In December 2021 the Company acquired 100% of the share capital of a UK company, Cadence Networks Limited, for consideration of £80,000 and 2,000,000 Ordinary Shares in the Company at a price of 7 pence per Ordinary Share. Details of net assets acquired and goodwill are:

	Fair value £'000
Intangible assets	37
Fixed assets	10
Trade and other receivables	17
Cash at bank and in hand	3
Trade and other payables	(5)
Directors' loans	(26)
Total identifiable net assets	**36**
Loan from third party	-
Total interest	**36**
Consideration	220
Goodwill (note 9)	184

Revenue and profit for the current financial period and for the period post acquisition are as follows:

	9 months ended 31 December 2021 £'000	Post acquisition £'000
Revenue	154	9
Profit	24	2

28 Ultimate controlling party

There is no one controlling party.