
GEORGE DIGITAL UK 2 LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

GEORGE DIGITAL UK 2 LIMITED
REGISTERED NUMBER:10988029

BALANCE SHEET
AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Non-current assets			
Investments	4	7,036,278	7,036,278
Debtors: amounts falling due after more than one year	5	19,306,637	8,100,342
		<u>26,342,915</u>	<u>15,136,620</u>
Current assets			
Debtors: amounts falling due within one year	5	1,200	25,287
Cash at bank and in hand		739	8,151
		<u>1,939</u>	<u>33,438</u>
Creditors: amounts falling due within one year	6	(9,470)	(309,628)
Net current liabilities		<u>(7,531)</u>	<u>(276,190)</u>
Total assets less current liabilities		<u>26,335,384</u>	<u>14,860,430</u>
Creditors: amounts falling due after more than one year	7	(26,469,805)	(14,265,679)
Net (liabilities)/assets		<u><u>(134,421)</u></u>	<u><u>594,751</u></u>
Capital and reserves			
Called up share capital		3	3
Share premium account	9	1,118,072	1,118,072
Profit and loss account	9	(1,252,496)	(523,324)
		<u><u>(134,421)</u></u>	<u><u>594,751</u></u>

GEORGE DIGITAL UK 2 LIMITED
REGISTERED NUMBER:10988029

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has opted not to file the Statement of Comprehensive Income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


James Harraway (Jun 18, 2020 10:38 GMT+1)

J K Harraway
Director

Date: 18 June 2020

The notes on pages 3 to 8 form part of these financial statements.

GEORGE DIGITAL UK 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. General information

George Digital UK 2 Limited is a private company, limited by shares, registered in England and Wales (registered number: 10988029). The registered office address is 10 Fenchurch Avenue, London, EC3M 5AG.

The Company's functional and presentational currency is GBP.

The accounts for the prior period were the Company's first set of accounts and were prepared from 29 September 2017, the date of incorporation, to 30 September 2018.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a Parent Company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.3 Going concern

The Company's subsidiary made a loss during the year of £729,172 (2018: £523,324) and at the balance sheet date had net liabilities of £134,421 (2018: *net assets of £594,751*).

Since the end of the financial year, the COVID-19 pandemic has emerged. Forecasts have been prepared using information currently available to consider the impact of COVID-19 on cashflows, including the subsidiary's programme to extend the network across the Isle of Wight.

Since the year end, loan note funding has been extended by £12.3m. Furthermore, additional bank funding up to £50m has been secured by the Company's subsidiary to further support the subsidiary's expansion.

Although COVID-19 is affecting the subsidiary's operations and there has been a delay in the scheduled expansion of the network, demand for services has increased.

Given the secured funding in the Company and the subsidiary the directors have concluded that there are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern for the foreseeable future, which is considered to be at least twelve months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Interest income

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.5 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Investments in unlisted shares are classified as basic financial instruments. They are initially measured at transaction price and subsequently measured at fair value, with changes in fair value being recognised in profit or loss.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

3. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018: £Nil).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

4. Fixed asset investments

	Investment in subsidiary company £
Cost or valuation	
At 1 October 2018	7,036,278
At 30 September 2019	7,036,278
Net book value	
At 30 September 2019	7,036,278

Subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Wightfibre Limited	56 Love Lane, Cowes, Isle of Wight, PO31 7EU	Supply of broadband, TV and telephone services on the Isle of Wight	Ordinary	100%

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

5. Debtors

	2019 £	2018 £
Due after more than one year		
Amounts owed by group undertakings	18,055,792	7,847,138
Prepayments and accrued income	1,250,845	253,204
	<u>19,306,637</u>	<u>8,100,342</u>
	2019 £	2018 £
Due within one year		
Amounts owed by group undertakings	-	25,287
Other debtors	1,200	-
	<u>1,200</u>	<u>25,287</u>

6. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	10	-
Amounts owed to group undertakings	4,710	-
Other creditors	-	304,878
Accruals and deferred income	4,750	4,750
	<u>9,470</u>	<u>309,628</u>

7. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Loan notes	24,526,006	13,514,093
Accruals and deferred income	1,943,799	751,586
	<u>26,469,805</u>	<u>14,265,679</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

8. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due after more than 5 years		
Loan notes	24,526,006	13,514,093

Interest on the loan notes is charged at 10% per annum. Included in the above is £24,019,443 (2018: £13,007,530) of loan notes listed on The International Stock Exchange (TISE) these loan notes are repayable in 2032. The loan notes are unsecured.

9. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of their nominal value.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

10. Post balance sheet events

Since the year end the Company's subsidiary has secured a bank loan facility up to £50m to further support its expansion. Additionally, the Company has extended its loan note facility by £12.3m and this funding has been made available to the Company's subsidiary to support the extension of its network. Loan notes issued have increased to £41.4m since the year end, with drawdown against original loan notes increasing by £10m.

The COVID-19 pandemic is a post balance sheet event which continues to impact the business's operations. This has been referred to in more detail in note 2.3 to these accounts. The directors are currently unable to accurately estimate the financial impact of the pandemic on the business.

11. Controlling party

The Company's immediate and ultimate parent is George Digital UK 1 Limited, a company registered in England and Wales.

The largest and smallest group for which consolidated financial statements are prepared is that headed by George Digital UK 1 Limited, copies of which can be obtained from the registered office.

The directors consider George Digital SLP LP to be the ultimate controlling party.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

12. Auditor's information

The auditor's report on the financial statements for the year ended 30 September 2019 was unqualified.

In their report, the auditor emphasised the following matter without qualifying their report:

We draw attention to notes 2.3 and 10 of the financial statements, which describe the impact of COVID-19 on the Company and the £62.5m additional funding that has been secured since the year end. Our opinion is not modified in respect of this matter.

The audit report was signed on 18 June 2020 by Julie Mutton (Senior Statutory Auditor) on behalf of Nexia Smith & Williamson.