

Grain Connect Limited

Directors' report and financial statements

For the year ended 31 March 2019

Company registration number: 10285348



Grain Connect Limited
For the year ended 31 March 2019

Contents

Directors	PMA Lloyd	
	NP Wright	
	NBM Kittoe	
	AJ Cross	
	SMG Williams	<i>Appointed 17 January 2019</i>
	RT Robinson	<i>Appointed 17 January 2019</i>
	TH Mounsey-Heysham	<i>Appointed 17 January 2019</i>
	CM Hodson	<i>Resigned 17 January 2019</i>
	HA Saunders	<i>Resigned 30 September 2018</i>

Company number 10285348

Incorporation date 19 July 2016

Registered office 1st Floor
6 St. Andrew Street
London
England
EC4A 3AE

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Directors' Report

The directors present their report and the financial statements of Grain Connect Limited ("the Company") for the year ended 31 March 2019.

Ownership and control

The Company is limited by shares and control is split between the shareholders in proportion to their shareholdings.

Principal activity

The Company's principal activity is the supply of fibre broadband to residential customers in the UK.

Review of the business

The Company reports a loss of £460,116 (2018: £230,223) for the year.

During the year, the Company has continued its development of network infrastructure across a number of sites in the UK.

Directors

The directors who served during the year were as follows:

PMA Lloyd	
NP Wright	
NBM Kittoe	
AJ Cross	
SMG Williams	<i>Appointed 17 January 2019</i>
RT Robinson	<i>Appointed 17 January 2019</i>
TH Mounsey-Heysham	<i>Appointed 17 January 2019</i>
CM Hodson	<i>Resigned 17 January 2019</i>
HA Saunders	<i>Resigned 30 September 2018</i>

Qualifying third party indemnity provisions

The Directors of Grain Connect Limited have qualifying third party indemnity provisions put in place through other companies of which they are also Directors.

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and

Directors' Report

applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

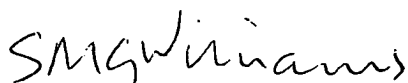
Small Company provisions

This report has been prepared in accordance with the provision applicable to companies entitled to the small company's exemption.

Auditors

The members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

This report was approved by the Board on 20 June 2019.



SMG Williams
Director

Statement of Comprehensive Income

	Notes	2019 £	2018 £
Revenue		47,338	13,424
Cost of sales		(209,612)	(69,277)
Gross profit		(162,274)	(55,853)
Administrative expenses		(173,455)	(132,840)
Operating loss		(335,729)	(188,693)
Depreciation	2	(62,105)	(26,963)
Amortisation	3	(7,657)	(6,393)
Interest payable		(132,085)	(52,084)
Loss before taxation		(537,576)	(274,133)
Taxation on loss on ordinary activities		146,756	43,910
Loss for the year		(390,820)	(230,223)

There are no other gains and losses in the year other than those recognised in the Statement of Comprehensive Income.

The results stated above are derived from continuing activities.

The notes on page 5 to 11 form part of these financial statements.

Statement of Financial Position

	Notes	2019 £	2018 £
Fixed assets			
Tangible fixed assets	2	875,855	348,741
Intangible fixed assets	3	9,231	15,946
		<u>885,086</u>	<u>364,687</u>
Current assets			
Cash at bank		464,425	29,686
Inventory		8,417	13,240
Debtors	4	350,152	126,876
		<u>822,994</u>	<u>169,802</u>
Creditors: amounts falling due within one year	5	(121,559)	(28,003)
Net current assets/(liabilities)		<u>701,435</u>	<u>141,799</u>
Total assets less current liabilities		<u>1,586,521</u>	<u>506,486</u>
Creditors: amounts falling due after one year	6	(1,681,660)	(910,807)
Net liabilities		<u>(95,137)</u>	<u>(404,321)</u>
Capital and reserves			
Share capital	7	240	200
Share premium	7	699,963	-
Retained earnings		(795,340)	(404,521)
Shareholders' deficit		<u>(95,137)</u>	<u>(404,321)</u>

For the financial year in question, the Company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

No members have required the Company to obtain an audit of its accounts for the year in questions in accordance with section 476 of the Companies Act 2006.


The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Grain Connect Limited
For the year ended 31 March 2019

Statement of Financial Position

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 June 2019.



SMG Williams
Director

The notes on pages 5 to 11 form part of these financial statements.

Notes to the Financial Statements

1) Accounting policies

1.1 Basis of preparation

Grain Connect Limited (the "Company") is a Company limited by shares and incorporated and domiciled in the UK, with registered office 6 St. Andrew Street, London, EC4A 3AE.

These financial statements were prepared in accordance with Financial Reporting Standard 102 section 1A small entities, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

1.2 Revenue

Revenue is derived from telecoms activities delivering infrastructure and services to properties, excluding VAT.

1.3 Wages and salaries

The Directors did not receive any remuneration from the Company for their services to the Company during the year. The Directors are remunerated by the joint venture partners. It is not practical to apportion their remuneration for their services to this Company.

1.4 Current taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes to the Financial Statements

1) Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets are recorded at historical cost less any accumulated depreciation and impairment losses. Historical costs include any expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Tangible fixed assets are depreciated over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values will be assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes will be taken into account. Residual value assessments will consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

1.6 Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic lives. Depreciation is calculated on a straight-line basis.

Whole Site Costs	12 years
Passed-by Homes	25 years
Connected Homes	3 years
IT Equipment	3 years

1.7 Intangible assets

Intangible fixed assets are recorded at historical cost less any accumulated amortisation and impairment losses. Historical costs include any expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible fixed assets are amortised over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values will be assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes will be taken into account. Residual value assessments will consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Notes to the Financial Statements

1) Accounting policies (continued)

1.8 Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic lives. Amortisation is calculated on a straight-line basis.

Website Design	3 years
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1.9 Financial instruments

Non-derivative financial instruments comprise trade and other receivables and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. This includes the treatment of the intercompany loans.

Inventory

Inventory denotes assets held for sale in the ordinary course of business. Inventory is valued at the lower of cost and net realisable value. Cost is based on the cost of purchase (including any expenditure that is directly attributable to bringing the assets to the location and condition necessary) on a first in, first out basis.

1.10 Judgements in applying accounting policies and key sources of estimation

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

The preparation of financial statements in conformity with FRS102 section 1A small entities requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Notes to the Financial Statements

1.10 Judgements in applying accounting policies and key sources of estimation (cont.)

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Management do not consider there to be any significant accounting policies or key sources of estimation uncertainty in the preparation of the financial statements.

2) Tangible fixed assets

	Infrastructure costs £
Cost	
At 1 April 2018	375,843
Additions	589,217
At 31 March 2019	965,060
Depreciation	
At 1 April 2018	27,102
Charge for the year	62,103
At 31 March 2019	89,205
Net book value	
At 31 March 2019	875,855
At 31 March 2018	348,741

Notes to the Financial Statements

3) Intangible fixed assets

	Website costs £
Cost	
At 1 April 2018	22,502
Additions	943
At 31 March 2019	23,445
Amortisation	
At 1 April 2018	6,556
Charge for the year	7,658
At 31 March 2019	14,214
Net book value	
At 31 March 2019	9,231
At 31 March 2018	15,946

4) Debtors

	2019 £	2018 £
Debtors & prepayments	74,106	23,678
Sundry taxes	276,046	103,198
	350,152	126,876

All amounts fall due effectively on demand.

Notes to the Financial Statements

5) Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	117,709	22,443
Accruals	3,850	5,560
	<u>121,559</u>	<u>28,003</u>

6) Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Secured loan notes payable:		
- In more than one year but no more than five years	1,495,091	856,323
Loan interest	186,569	54,484
	<u>1,681,660</u>	<u>910,807</u>

The Company has access to up to £1,500,000 of loan notes, provided by Pinnacle Group Limited. The loan notes are repayable within 3 years of each initial drawdown. Interest is charged at a rate of 10% or 12% depending on the nature of the loan and is compounded after the anniversary of each drawdown.

Notes to the Financial Statements

7) Capital & reserves

	Number	£	
		2019	2018
<u>Class A ordinary shares of £0.001 each</u>			
Pinnacle Group Limited	100,000	100	100
<u>Class B ordinary shares of £0.001 each</u>			
Connect Online Limited	100,000	100	100
<u>Class C ordinary shares of £0.001 each</u>			
Pinnacle Group Limited	17,143	300,004	-
Sean Williams	11,429	200,008	-
Harry Aubrey-Fletcher	5,714	99,995	-
Richard Robinson	2,857	49,998	-
Toby Mounsey-Heysham	1,429	25,008	-
David Paterson	1,428	24,990	-
Total	240,000	700,203	200

Each share class ranks pari passu.

Grain Connect Limited carried out a share issue in January 2019, issuing 40,000 class C ordinary shares. Shares were offered at £17.50 including a nominal value of £0.001. The share issue raised capital of £700,003.

Notes to the Financial Statements

8) Related party transactions

Pinnacle Group Limited

During the year, the Company received loan funding of £770,852 (2018: £783,267) from Pinnacle Group Limited, a joint venture partner. The total amount outstanding at the year-end was £1,681,660 (2018: £910,807).

During the year, the Company also procured finance support services from Pinnacle Group Limited. The total amount of such purchases during the year was £5,536 (2018: £5,824). There was an outstanding balance of £1,082 owed to Pinnacle Group Limited at the year-end (2018: £1,997).

Connect Online Limited

During the year, the Company procured consultancy services from Connect Online Limited, a joint venture partner. The total amount of such purchases during the year was £9,280 (2018: £9,378). There was an outstanding balance of £653 owed to Connect Online Limited at the year-end (2018: £nil).

During the year, the Company procured consultancy services from Solway Communications Limited, a subsidiary of Connect Online Limited. The total amount of such purchases during the year was £414,205 (2018: £243,175). There was an outstanding balance of £32,649 owed to Solway Communications Limited at the year-end (2018: £nil).

9) Control

Prior to the share issue in January 2019 (see note 7), the Company operated as a 50:50 joint venture between Pinnacle Group Limited and Connect Online Limited.

Under the new shareholdings, control of the Company is split across the shareholders proportionate to their shareholding. Pinnacle Group Limited has significant control with a shareholding of 48.8%.

Copies of the financial statements for Pinnacle Group Limited & Connect Online Limited can be obtained from Companies House.