Registered number: 01938625

INTERCITY TECHNOLOGY LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2021

Company Information

DIRECTORS	A R Jackson A M Jackson A O Jackson C D Sharp
COMPANY SECRETARY	A M Jackson
REGISTERED NUMBER	01938625
REGISTERED OFFICE	101-114 Holloway Head Birmingham B1 1QP
INDEPENDENT AUDITORS	Grant Thornton UK LLP 17th Floor 103 Colmore Row Birmingham West Midlands B3 3AG

INTERCITY TECHNOLOGY LIMITED

Contents

The directors present their Strategic Report on the Group for the year ended 31 December 2021.

INTRODUCTION AND BUSINESS REVIEW

Intercity Technology is a leading Technology Services Provider, delivering IT managed services, incorporating IT infrastructure, cloud services, security, hosting and IT professional services, mobility solutions, and unified communications. With particular expertise of delivering award-winning levels of customer service to a range of public and private sector clients by a team providing 'eyes on' national coverage 24 hours a day, 365 days a year. Our goal is to help our customers to make the right technology decisions for their business and implementing technology solutions that fit their specific requirements to enable them to Do More.

On 1 March 2021, a management buy out transferred controlling ownership to Andrew Jackson from his father Alan Jackson, continuing the family legacy built over 4 decades. Andrew and the board would like to express huge thanks to Alan and family for the continued support and look forward to growing the business further in the exciting new chapter.

The macro-economic impact of the Covid-19 pandemic has been significant over the last couple of years, and it has been a very difficult period for our colleagues, customers, and suppliers on a variety of levels. Despite the challenges posed by the pandemic, we are pleased by the progress made, and the diversification and financial strength of the business means we are extremely well placed to grow through this challenging period and beyond.

Our decision to invest in growth resulted in a 17% improvement in our new business sales performance year on year. This combined with the strategic decision to target recurring revenues as opposed to one-off sales has resulted in recurring gross profit representing 84% compared to 68% pre-pandemic. This provides Intercity with a strong quality of earnings and a trajectory for growth in line with our integrated business plan.

The underlying fundamentals of the business are continuing to improve throughout our business transformation and underpin our vision to be the best technology company to work for and with. This is supported by our sector leading, world class customer service Net Promoter Score (NPS) of +75 and 2 star accreditation from Best Companies in recognition of our outstanding colleague engagement.

Overall Group revenues have increased by 1.1% to £29.3m in 2021, with a growth in recurring revenues of 2.8% year on year. It is particularly pleasing to report such growth considering the pandemic significantly impacted overseas mobile roaming spend and continues to cause delays in larger scale customer projects and hardware orders as a result of the worldwide chip shortage.

We recognise the importance of continuing to invest in new technologies to support our customers as they evolve to a new way of working in a post Covid world. The ability to securely connect with colleagues virtually is now as important as ever to support new flexible working models, and our products and services are core to enabling this to happen. We see significant opportunities to assist our customer's journey to the cloud and support their IT infrastructure in a fully managed service wrapper that are expected to springboard the Cloud & Security and Managed Services divisions in 2022 and beyond.

Gross margin has increased marginally from 39.8% in 2020 to 40.2% as a result of the focus on recurring revenues and is expected to improve further in 2022. This continues to highlight that the underlying run rate and quality of earnings of the business are in a very strong position.

As expected, EBITDA before exceptional items has fallen slightly from £1.85m in 2020 to £1.52m, which is in line with our integrated business plan and a direct result of the conscious decision to maintain and invest in a number of areas to enable growth in future years. An operating profit of £0.7m has been achieved for the year which is expected to remain positive moving forwards.

The underlying fundamentals of the Group remain strong and it continues to benefit from a strong Balance Sheet (Net Assets of £5.3m) and sound operating cash inflows (£1.6m for the year net of intergroup/connected party repayments).

Our colleagues epitomise the personality and values of the business and it is their amazing efforts during a difficult period which underpin our fantastic customer service, which is at the heart of everything we do. We continue to strive towards our objective of being the best company in the UK to work for and with, and this is illustrated by being recognised as the number 1 telecoms business to work for and the 14th Best Mid-Sized company to work for in the UK.

We are acutely aware of the pressures the current cost of living crisis is placing on everyone and are extremely proud of the fact that none of our colleagues were furloughed during the Covid-19 pandemic nor asked to take a salary deduction. We remain committed to supporting them throughout this challenging period and beyond.

On 1 June 2022, we successfully acquired 100% of the share capital of Chandler Communications Limited, adding scale and strength to our already expanding Communications division. We are continually looking to grow the business, both organically and through further acquisitions. We are committed to investing in business development and customer focussed product innovations to support this, with wider Group support being available to fund this as required.

PRINCIPAL RISKS AND UNCERTAINTIES

The IT and technology market remains competitive, therefore the Group seeks to mitigate the risk of losing customers to competitors by supplying best-in-breed products and services, underpinned by our award-winning customer service wrap.

The Group's principal financial instruments comprise short term deposits and equity investments, bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the Group's operations.

The Group's activities mean that it is exposed to a limited number of financial risks:

Credit risk
The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by stringent credit check procedures that assess exposure on each deal prior to accepting and processing any orders. The Group also regularly monitors amounts outstanding for both time and credit limits. The amounts presented in the Balance Sheet are net of allowances for doubtful debtors.

Liquidity risk
Liquidity risk is managed by maintaining a suitable level of funds to support working capital requirements. All of the Group's cash balances are held in such a way that achieves a competitive rate of interest and the business makes use of any deposits and other investment facilities where funds are available.

Regulatory risk
Pricing of products and services can be affected by regulatory bodies in the UK and the EU leading to a reduction in revenue and/or gross profit. The Group is able to mitigate the risk through its own buying and pricing policies, careful and detailed research on future regulations and collaborative communication with our network partners.

FINANCIAL KEY PERFORMANCE INDICATORS

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the Group as a whole, these being turnover and profit margins which are outlined above and on page 11.

This report was approved by the board and signed on its behalf.

A O Jackson
Director

Date: 26 September 2022

Directors' Report
For the Year Ended 31 December 2021

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2021.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated audited financial statements of the Group and Company in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements of the Group and Company 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 applicable law, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the group and company for that period.

In preparing these audited financial statements of the Group and Company, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited financial statements of the Group and Company on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the audited financial statements of the Group and Company comply with the Companies Act 2006. 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,251,000 *(2020 - loss £875,000)*.

The Directors do not recommend or have paid a dividend during the year (*2020 - £Nil*).

DIRECTORS

The Directors who served during the year were:

A R Jackson
A M Jackson
A O Jackson
C D Sharp (appointed 1 July 2022)

ENVIRONMENTAL MATTERS

The Group appreciates the importance of understanding and effectively managing the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. Where possible, we source environmentally friendly products and services. During the period, the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

We were delighted to recently receive platinum status with Eco Vadis putting us within the top 1% of UK businesses underlying our strategy of a net zero target.

FUTURE DEVELOPMENTS

There are no future developments to report.

COLLEAGUES

The Group places a strong emphasis on colleague selection and retention and we are as dedicated to our workforce as we are to our customers. We pride ourselves on offering exceptional training, guidance and career development.

Colleague performance is aligned to Group goals through an annual performance review process that is carried out with all staff. Training and development courses are encouraged and feature as part of the appraisal reviews.

The Group is committed to the principle of equality of opportunity in employment and seeks to ensure that no colleague or applicant is treated less favourably on the grounds of age, disability, gender, gender reassignment, pregnancy, maternity, race, sexual orientation, religion or belief, or because they are married or in a civil partnership or are disadvantaged by conditions or requirements which cannot be objectively justified.

The Group strives to create an enjoyable, challenging and progressive colleague experience where a healthy work/life balance and general well-being is encouraged and supported by a flexible reward and benefits package.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the year ended 31 December 2021 and at the date of this report, the Company has made an indemnity for the benefit of A R Jackson, A M Jackson and A O Jackson which is a qualifying indemnity provision for the purposes of Section 234 of the Companies Act 2006.

MATTERS COVERED IN THE STRATEGIC REPORT

The strategic report contains details relating to principal activities and business review.

The Company's exposure to financial risks are described in the Strategic report on page 3.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

On 1 June 2022, Intercity Technology Limited purchased 100% of the share capital of Chandler Communications Ltd.

INDEPENDENT AUDITORS

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

....

A O Jackson
Director

Date: 26 September 2022

Independent auditor's report to the members of Intercity Technology Limited

Opinion

We have audited the financial statements of Intercity Technology Limited for the 12 months ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and COmpany Balance Sheet, Consolidated and Company Statement of Changes in Equity, Consolidated Cashflow and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31-December-2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group and 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 Standard, 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group and company's business model including effects arising from macro-economic uncertainties such as the current economic situation from the effects of the war in Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

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 and 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.

In auditing the 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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Independent auditor's report to the members of Intercity Technology Limited
(continued)

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Independent auditor's report to the members of Intercity Technology Limited
(continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, 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.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Company operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We enquired of management and those charged with governance, concerning the Company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations; and
  - the detection and response to the risks of fraud.
  - We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- In addition, we concluded that there are certain specific laws and regulations that may have an effect on the determination of amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental and bribery and corruption matters.

- We corroborated the results of our enquires to relevant supporting documentation.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:

  - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
  - testing journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - identifying and testing related party transactions.

  These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

  Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;

- knowledge of the industry in which the client operates;

- understanding of the legal and regulatory requirements specific to the Company including:

  - the provisions of the applicable legislation;
  - the regulators' rules and related guidance, including guidance issued by relevant authorities that interprets those rules;
  - the applicable statutory provisions.

  We did not identify any matters relating to non-compliance with laws and regulation and fraud.

Independent auditor's report to the members of Intercity Technology Limited
(continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Grant Thornton UK LLP

Rebecca Eagle
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
6/10/2022

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	**29,293**	*28,976*
Cost of sales		**(17,514)**	*(17,444)*
GROSS PROFIT		**11,779**	*11,532*
Administrative expenses		**(10,263)**	*(9,686)*
EBITDA		**1,516**	*1,846*
Amortisation and Depreciation		**(865)**	*(811)*
Exceptional administrative expenses	12	**-**	*(2,702)*
OPERATING PROFIT/(LOSS)	5	**651**	*(1,667)*
Return on Investments		**157**	*187*
Interest receivable and similar income	9	**25**	*31*
Interest payable and expenses	10	**(20)**	*(176)*
PROFIT/(LOSS) BEFORE TAXATION		**813**	*(1,625)*
Tax on profit/(loss)	11	**438**	*750*
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**1,251**	*(875)*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,251**	*(875)*
Profit/(loss) for the year attributable to:		**1,251**	*(875)*
Owners of the parent Company		**1,251**	*(875)*

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

The notes on pages 20 to 44 form part of these financial statements.

Consolidated Balance Sheet
As at 31 December 2021

	Note		2021 £000		2020 £000
FIXED ASSETS					
Intangible assets	13		**770**		*920*
Tangible assets	14		**2,452**		*2,792*
			3,222		*3,712*
CURRENT ASSETS					
Stocks	16	**135**		*55*	
Debtors: amounts falling due within one year	17	**11,062**		*12,104*	
Current asset investments		**-**		*3,432*	
Cash at bank and in hand	18	**13,091**		*15,123*	
		24,288		*30,714*	
Creditors: amounts falling due within one year	21	**(22,256)**		*(24,397)*	
NET CURRENT ASSETS			**2,032**		*6,317*
TOTAL ASSETS LESS CURRENT LIABILITIES			**5,254**		*10,029*
Creditors: amounts falling due after more than one year	22		**-**		*(6,026)*
PROVISIONS FOR LIABILITIES					
NET ASSETS			**5,254**		*4,003*
CAPITAL AND RESERVES					
Called up share capital	25		**10**		*10*
Profit and loss account	26		**5,244**		*3,993*
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			**5,254**		*4,003*

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

A O Jackson
Director
Date: 26 September 2022

The notes on pages 20 to 44 form part of these financial statements.

INTERCITY TECHNOLOGY LIMITED
Registered number: 01938625

Company Balance Sheet
As at 31 December 2021

	Note		2021 £000		2020 £000
FIXED ASSETS					
Intangible assets	13		**10,184**		*598*
Tangible assets	14		**2,454**		*2,545*
Fixed Asset Investments	15		**-**		*11,766*
			12,638		*14,909*
CURRENT ASSETS					
Stocks	16	**135**		*45*	
Debtors: amounts falling due within one year	17	**11,995**		*9,337*	
Current asset investments		**-**		*3,432*	
Cash at bank and in hand	18	**13,091**		*9,313*	
		25,221		*22,127*	
Creditors: amounts falling due within one year	21	**(25,443)**		*(23,492)*	
NET CURRENT LIABILITIES			**(222)**		*(1,365)*
TOTAL ASSETS LESS CURRENT LIABILITIES			**12,416**		*13,544*
Creditors: amounts falling due after more than one year	22		**-**		*(24)*
NET ASSETS			**12,416**		*13,520*
CAPITAL AND RESERVES					
Called up share capital	25		**10**		*10*
Profit and loss account	26		**12,406**		*13,510*
			12,416		*13,520*

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

A O Jackson
Director

Date: 26 September 2022

The notes on pages 20 to 44 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000
At 1 January 2021	10	3,993	4,003	4,003
COMPREHENSIVE EXPENSE FOR THE YEAR				
Profit for the year	-	1,251	1,251	1,251
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	-	1,251	1,251	1,251
At 31 December 2021	10	5,244	5,254	5,254

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000
At 1 January 2020	10	4,868	4,878	4,878
COMPREHENSIVE EXPENSE FOR THE YEAR				
Profit for the year	-	(875)	(875)	(875)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	-	(875)	(875)	(875)
At 31 December 2020	10	3,993	4,003	4,003

Company Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	10	13,817	13,827
Comprehensive income for the year			
Loss for the year	-	(307)	(307)
Total comprehensive income for the year	-	(307)	(307)
At 1 January 2021	10	13,510	13,520
Comprehensive income for the year			
Loss for the year	-	(1,104)	(1,104)
Total comprehensive income for the year	-	(1,104)	(1,104)
At 31 December 2021	10	12,406	12,416

The notes on pages 20 to 44 form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021

	2021 £000	2020 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for year	**1,251**	*(875)*
ADJUSTMENTS FOR:		
Amortisation of intangible assets	**342**	*2,896*
Depreciation of tangible assets	**524**	*466*
Interest paid	**21**	*176*
Interest received	**(25)**	*(31)*
Taxation charge	**(438)**	*(750)*
(Increase) in stocks	**(80)**	*(1)*
(Increase)/decrease in debtors	**(792)**	*4*
(Increase) in amounts owed by groups	**(6,555)**	*(1,444)*
Increase/(decrease) in creditors	**627**	*(163)*
Corporation tax received	**33**	*192*
Profit/(loss) on disposal of investments	**153**	*(413)*
NET CASH GENERATED FROM OPERATING ACTIVITIES	**(4,939)**	*57*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	**(192)**	*(164)*
Purchase of tangible fixed assets	**(183)**	*(309)*
Net movement in investments	**(154)**	*413*
Interest received	**25**	*31*
NET CASH FROM INVESTING ACTIVITIES	**(504)**	*(29)*
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(21)**	*(176)*
NET CASH USED IN FINANCING ACTIVITIES	**(21)**	*(176)*
(DECREASE) IN CASH AND CASH EQUIVALENTS	**(5,464)**	*(148)*
Cash and cash equivalents at beginning of year	**18,555**	*18,703*
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**13,091**	*18,555*
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	**13,091**	*15,123*
Current asset investments	**-**	*3,432*
	13,091	*18,555*

The notes on pages 20 to 44 form part of these financial statements.

Consolidated Analysis of Net Debt
For the Year Ended 31 December 2021

	At 1 January 2021 £000	Cash flows £000	At 31 December 2021 £000
Cash at bank and in hand	15,123	(2,032)	13,091
Liquid investments	3,432	(3,432)	-
	18,555	(5,464)	13,091

The notes on pages 20 to 44 form part of these financial statements.

1. GENERAL INFORMATION

Intercity Technology Limited ("the Company") is a private company limited by shares and is incorporated in the United Kingdom and registered in England.

The address of the Company's registered office and principal place of business is 101-114 Holloway Head, Birmingham, B1 1QP.

The Company's principal activities are the delivery of mobility solutions, unified communications, hosting and IT managed services and the sale of related equipment.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

As noted in the business review, the diversification and financial strength of the business means we are extremely well placed to grow through the pandemic and beyond. Covid-19 and the subsequent economic downturn has led to a reduction in variable Mobile usage and delays to larger scale customer projects. However, our divisional focus and diverse product portfolio enables businesses to adapt to the new working environment in a secure manner across Communications, Cloud & Security and Managed Services. This has led to an increased demand for new services such as Direct Calling for Microsoft Teams, Cloud Hosting and outsourced IT support, which complement and enhance our other core IT and technology solutions that underpin each and every organisation.

After considering the Group's financial position and performance, future projections and other relevant financial matters, the Directors are satisfied that on the date of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue streams include mobile, unified communications, telephony, connectivity, cloud & security, hosting and managed services.

Recurring monthly revenues are recognised as the services are provided whereas, variable revenues are recognised when the usage is incurred and any usage made in the year, but not billed by year end is accrued in trade debtors as accrued income. Revenue and related costs from the sale of equipment is recognised upon the despatch of goods.

Contracts with key providers may stipulate when rights to revenue have been earned. This may be the commencement of a contract with a customer or over the terms of the customer contract, and revenue is recognised in accordance with these terms.

Revenue from a contract to provide services is recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue is measured at the fair value of the work performed by reference to the amounts chargeable to clients, excluding value added tax. Revenue not billed to clients is included at the balance sheet date and is included in accrued income.

2.5 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 COLLEAGUE BENEFITS

The costs of short-term colleague benefits are recognised as a liability and an expense.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of a colleague or to provide termination benefits.

2.7 PENSIONS

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.8 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCE COSTS

Finance costs are charged to profit or loss 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.

2.10 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.11 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. .

Amortisation is provided on the following bases:

Intellectual property	-	20% straight line
Goodwill	-	20% straight line
Customer contracts	-	20% straight line
Computer software	-	14.3% to 33.3% straight line

2. ACCOUNTING POLICIES (CONTINUED)

2.11 INTANGIBLE ASSETS (continued)

Goodwill

Goodwill is accounted for by recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities) of the acquired business at fair value. Goodwill is initially measured at cost, being the difference between amounts paid on the acquisition of a business and the net fair value of the acquiree's identifiable assets and liabilities. The results of the acquired entities are included in the Company's results from the date when control passes to the Company. Goodwill is valued at cost less accumulated impairment.

Goodwill is amortised to the Consolidated Statement of Comprehensive Income over its estimated economic life. It is reviewed for impairment, annually, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill allocated to a cash generating unit may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised.

Customer contracts and relationships

Customer contracts are accounted for at fair value which is determined by the net present value of the future cash flow benefits anticipated to arise from the acquired customer base less accumulated amortisation and impairment losses.

Intellectual property

Intellectual property (IP) is valued by assessing the net present value of a market based royalty cost to the Company for use of the acquired licence as an estimate of the benefit to the Company of holding the licence itself.

2.12 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.12 TANGIBLE FIXED ASSETS (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Motor vehicles	- 25% straight line
Fixtures, fittings and equipment	- 20% to 33.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less provision for impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period.

2.14 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash at bank, in hand and short term deposits with a maturity of three months or less.

2.17 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2. ACCOUNTING POLICIES (CONTINUED)

2.17 FINANCIAL INSTRUMENTS (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. ACCOUNTING POLICIES (CONTINUED)

2.20 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date. Non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when the fair value was determined.

Exchange gains and losses are recognised in the Consolidated Statement of Comprehensive Income.

2.21 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.22 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and judgements concerning the present and future key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the key assumptions include:

Amortisation of intangible assets - Intangible assets and goodwill are amortised over their useful economic lives. The useful economic life of all intangible assets, including intellectual property, customer relationships and goodwill, is assessed by reference to the anticipated minimum period over which the asset is expected to remain separately identifiable and cash generative. Detailed impairment reviews will be carried out annually on all elements of intangible assets and goodwill, together with further consideration of the useful economic life of these elements.

Useful economic life of tangible assets - Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Debtors - debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices or loan agreements where recoverability is uncertain.

Provisions - provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes. Provisions are measured as the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the balance sheet.

Share based payments - the business has not recognised a share based payment charge for the estimation of the fair value of share options due to any charge not considered to be material. This assessment relies on a series of assumptions, applied to a valuation model which inherently contains a degree of estimation uncertainty.

Fair value of revenue recognised on incomplete contracts - A contracts percentage completion is reviewed based on a review of time allocated to the contract and the completion of significant milestones. Revenue is recognised accordingly as required to fairly reflect costs incurred to date.

4. TURNOVER

	2021 £000	2020 £000
Provision of Services	29,293	28,976
	29,293	28,976

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	29,293	28,884
Rest of the world	-	92
	29,293	28,976

5. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	524	466
Amortisation of intangible assets, including goodwill	342	2,896
Other operating lease rentals	232	241
Exchange differences	8	(2)

6. AUDITORS' REMUNERATION

	2021 £000	2020 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	50	23
	50	23

FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:

	2021 £000	2020 £000
The auditing of accounts of associates of the Group pursuant to legislation	15	15
Other services relating to taxation	25	10
	40	25

7. COLLEAGUES

Staff costs, including Directors' remuneration, were as follows:

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Wages and salaries	**8,348**	*7,818*	**8,348**	*4,623*
Social security costs	**877**	*818*	**877**	*480*
Cost of defined contribution scheme	**231**	*198*	**231**	*112*
	9,456	*8,834*	**9,456**	*5,215*

The average monthly number of colleagues, including the Directors, during the year was as follows:

	2021 No.	*2020 No.*
Sales and marketing	**40**	*34*
Customer service	**45**	*36*
Service and installation	**49**	*56*
Office and management	**47**	*46*
	181	*172*

8. DIRECTORS' REMUNERATION

	2021 £000	*2020 £000*
Directors' emoluments	**331**	*319*
	331	*319*

The highest paid Director received remuneration of £234 thousand *(2020 - £211 thousand).*

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL *(2020 - £NIL).*

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000	*2020 £000*
Bank interest receivable and investment returns	**25**	*31*
	25	*31*

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £000	*2020 £000*
Interest payable on loans with connected companies	**20**	*176*
	20	*176*

11. TAXATION

	2021 £000	*2020 £000*
TOTAL CURRENT TAX	**-**	*-*
DEFERRED TAX		
Origination and reversal of timing differences	**(111)**	*151*
Changes to tax rates	**(327)**	*(574)*
Intangibles	**-**	*(327)*
TOTAL DEFERRED TAX	**(438)**	*(750)*
TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	**(438)**	*(750)*

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2020 - lower than)* the standard rate of corporation tax in the UK of 19.00% *(2020 - 19.00%)*. The differences are explained below:

	2021 £000	2020 £000
Profit/(loss) on ordinary activities before tax	**813**	*(1,625)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	**154**	*(309)*
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	**-**	*475*
Expenses not deductible for tax purposes	**5**	*(22)*
Capital allowances for year in excess of depreciation	**49**	*7*
Remeasurement of deferred tax for changes in tax rates	**(478)**	-
Adjustments to tax charge in respect of prior periods	**(168)**	*(574)*
Tax amortisation benefit on acquisitions	**-**	*(327)*
TOTAL TAX CHARGE FOR THE YEAR	**(438)**	*(750)*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

During the year, the applicable rate of corporation tax was 19% which is expected to remain until 1 April 2023. From 1 April 2023, the main rate of corporation tax will increase to 25% applying to taxable profits over £250,000. The Company has continued to apply the rate of 19% to deferred tax balances as this is the rate which is expected to remain applicable to this Company for the foreseeable future.

12. EXCEPTIONAL OPERATING ITEMS

During the year the Group incurred the following exceptional charges:

	2021 **£000**	*2020* *£000*
Reorganisation and restructuring costs	-	*152*
Acquisition related amortisation	-	*2,550*
	-	*2,702*

Reorganisation and restructuring costs include rationalisation of Group activities and associated redundancy costs.

Acquisition related amortisation includes the amortisation of goodwill and intangible assets (intellectual property and customer contracts) generated as a result of acquisition activities.

13. INTANGIBLE ASSETS

Group

	Intellectual Property £000	**Customer Contracts £000**	**Computer software £000**	**Goodwill £000**	**Total £000**
Cost					
At 1 January 2021	**2,044**	**7,446**	**2,245**	**7,377**	**19,112**
Additions	**-**	**-**	**192**	**-**	**192**
Disposals	**(2,044)**	**(7,446)**	**-**	**(7,377)**	**(16,867)**
At 31 December 2021	**-**	**-**	**2,437**	**-**	**2,437**
Amortisation					
At 1 January 2021	**2,044**	**7,446**	**1,325**	**7,377**	**18,192**
Charge for the year on owned assets	**-**	**-**	**342**	**-**	**342**
On disposals	**(2,044)**	**(7,446)**	**-**	**(7,377)**	**(16,867)**
At 31 December 2021	**-**	**-**	**1,667**	**-**	**1,667**
Net book value					
At 31 December 2021	**-**	**-**	**770**	**-**	**770**
At 31 December 2020	*-*	*-*	*920*	*-*	*920*

13. INTANGIBLE ASSETS (CONTINUED)

Acquisition related amortisation, comprising the amortisation of intellectual property, customer contracts and goodwill, has been disclosed separately on the face of the Consolidated Statement of Comprehensive Income to assist assessment of the underlying trading of the Group.

Company

	Computer software £000	Goodwill £000	Total £000
Cost			
At 1 January 2021	1,780	-	1,780
Additions	192	11,766	11,958
Intra-group transfers	322	-	322
At 31 December 2021	2,294	11,766	14,060
Amortisation			
At 1 January 2021	1,181	-	1,181
Charge for the year	342	2,353	2,695
At 31 December 2021	1,523	2,353	3,876
Net book value			
At 31 December 2021	771	9,413	10,184
At 31 December 2020	*598*	-	*598*

14. TANGIBLE FIXED ASSETS

Group

	Freehold property £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
COST				
At 1 January 2021	1,588	343	4,948	6,879
Additions	-	-	330	330
Transfers intra group	34	(3)	(2,457)	(2,426)
Transfers between classes	-	-	(148)	(148)
At 31 December 2021	1,622	340	2,673	4,635
Depreciation				
At 1 January 2021	589	329	3,167	4,085
Charge for the year on owned assets	35	12	477	524
Transfers intra group	-	(3)	(2,423)	(2,426)
At 31 December 2021	624	338	1,221	2,183
Net book value				
At 31 December 2021	998	2	1,452	2,452
At 31 December 2020	*998*	*14*	*1,780*	*2,792*

Included in freehold property is freehold land of £150,000 (2020 - £150,000) which is not depreciated.

14. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Freehold property £000	Motor vehicles £000	Fixtures, fittings & equipment £000	Total £000
COST				
At 1 January 2021	**1,588**	**340**	**3,067**	**4,995**
Additions	**-**	**-**	**330**	**330**
Transfers intra group	**34**	**-**	**217**	**251**
Transfers between classes	**-**	**-**	**(148)**	**(148)**
At 31 December 2021	**1,622**	**340**	**3,466**	**5,428**
Depreciation				
At 1 January 2021	**589**	**327**	**1,534**	**2,450**
Charge for the year on owned assets	**35**	**12**	**477**	**524**
At 31 December 2021	**624**	**339**	**2,011**	**2,974**
Net book value				
At 31 December 2021	**998**	**1**	**1,455**	**2,454**
At 31 December 2020	*998*	*14*	*1,533*	*2,545*

Included in freehold property is freehold land of £150,000 (2020 - £150,000) which is not depreciated.

15. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies £000
COST	
At 1 January 2021	**11,766**
Disposals	**(11,766)**
At 31 December 2021	**-**
Net book value	
At 31 December 2021	**-**
At 31 December 2020	*11,766*

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Intercity Networks Limited	Ordinary	100%
Intercity Managed Services Limited	Ordinary	100%

16. STOCKS

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Finished goods and goods for resale	**135**	*55*	**135**	*45*
	135	*55*	**135**	*45*

Stocks are stated after provisions for impairment of £35,000 (2020 - £Nil) for the Group and Company.

Stock recognised in cost of sales during the year as an expense was £3,388,000 (2020 - £3,513,000) for the Group and Company.

17. DEBTORS

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Trade debtors	**2,750**	*2,418*	**2,750**	*672*
Amounts owed by group undertakings	**-**	*-*	**934**	*1,983*
Amounts owed by connected companies	**13**	*2,251*	**13**	*2,213*
Other debtors	**84**	*48*	**84**	*48*
Prepayments and accrued income	**6,656**	*6,233*	**6,655**	*4,310*
Corporation tax recoverable	**87**	*120*	**87**	*37*
Deferred taxation	**1,472**	*1,034*	**1,472**	*74*
	11,062	*12,104*	**11,995**	*9,337*

Trade debtors are stated after provision for impairment of £115,000 (2020 - £43,000) for the Group and £115,000 (2020 - £35,000) for the Company.

The amounts owed by connected companies and group undertakings are unsecured and are repayable upon demand.

18. CASH AND CASH EQUIVALENTS

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Cash at bank and in hand	**13,091**	*15,123*	**13,091**	*9,313*
Current asset investments	**-**	*3,432*	**-**	*3,432*
	13,091	*18,555*	**13,091**	*12,745*

Current asset investments represent listed and non-listed investments and are shown at market value.

19. MOVEMENT IN CURRENT ASSET INVESTMENTS

	2021 £000	2020 £000
Brought forward	**3,432**	**3,810**
Interest and dividends	**157**	**424**
Fees	**(3)**	**(11)**
Transfers & Disposals	**(3,586)**	**(565)**
Movement in market value	**-**	**(226)**
	-	**3,432**

20. INVESTMENT INCOME

	2021 £000	2020 £000
Interest and dividends	157	424
Gain/(loss) on market value of investments	44	(226)
	201	198

21. CREDITORS: Amounts falling due within one year

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Trade creditors	3,334	*2,675*	3,334	*2,266*
Amounts owed to ultimate parent company	12,262	*14,866*	15,448	*16,971*
Amounts owed to connected companies	17	*180*	17	*-*
Other taxation and social security	1,115	*1,386*	1,115	*781*
Other creditors	3,180	*2,539*	3,180	*2,539*
Accruals and deferred income	2,348	*2,751*	2,349	*935*
	22,256	*24,397*	25,443	*23,492*

The amounts owed to connected companies and group undertakings are unsecured and are repayable upon demand.

22. CREDITORS: Amounts falling due after more than one year

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Amounts owed to connected companies	-	*6,026*	-	*24*
	-	*6,026*	-	*24*

The amounts owed to connected companies are unsecured and are not due for repayment within five years. The interest rate on the loan is base rate + 2%.

23. FINANCIAL INSTRUMENTS

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss	**-**	*3,432*	**-**	*3,432*
Financial assets measured at amortised cost	**2,848**	*4,716*	**2,848**	*4,914*
Cash and cash equivalents	**13,091**	*15,123*	**13,091**	*9,313*
	15,939	*23,271*	**15,939**	*17,659*
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	**(21,142)**	*(29,037)*	**(21,142)**	*(22,735)*

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group undertakings, amounts owed by connected companies and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to ultimate parent company, amounts owed to connected companies, other creditors and accruals.

24. DEFERRED TAXATION

Group

	2021 £000	*2020* *£000*
At beginning of year	**1,034**	*284*
Charged to the profit or loss	**438**	*750*
At end of year	**1,472**	*1,034*

24. DEFERRED TAXATION (CONTINUED)

Company

	2021 £000	*2020 £000*
At beginning of year	74	*(102)*
Credited to the statement of comprehensive income	438	*175*
Intergroup Transfers	960	*-*
At end of year	**1,472**	*73*

The deferred tax asset is made up as follows:

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Accelerated capital allowances	(311)	*(260)*	(311)	*(233)*
Tax losses carried forward	1,865	*1,371*	1,865	*386*
Short term timing differences	(82)	*(77)*	(82)	*(79)*
	1,472	*1,034*	1,472	*74*

25. CALLED UP SHARE CAPITAL

	2021 £000	*2020 £000*
Allotted, called up and fully paid		
10,000 *(2020 - 10,000)* Ordinary shares of £1.00 each	10	*10*
2,353 *(2020 - 2,353)* B1 Ordinary shares of £0.01 each	-	*-*
	10	*10*

Ordinary shares entitle the holders to cast one vote per share, B1 shares do not entitle holders to vote.

Ordinary shares entitle the holders to participate in such dividend as the board may decide, B1 shares do not entitle holders to participate in such dividend.

Both share types are not redeemable.

26. PROFIT & LOSS ACCOUNT

Profit and loss account – includes all current and prior period retained profits and losses, net of dividends paid.

27. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £231,000 (2020 – £198,000).

There were outstanding contributions at the end of the financial year of £1,000 (2020 - £39,000).

28. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £000	*Group 2020 £000*
Not later than 1 year	151	*148*
Later than 1 year and not later than 5 years	422	*545*
Later than 5 years	-	*58*
	573	*751*

29. RELATED PARTY TRANSACTIONS

	2021 £000	*2020* *£000*
Transactions with GuidingLight Finance Limited		
Interest Payable	**(20)**	*(176)*
Balances due from Connected Companies		
GuidingLight Investments Limited	**13**	*2,251*
	13	*2,251*
Balances due to Connected Companies		
GuidingLight Investments Limited	**-**	*180*
GuidingLight Finance Limited	**17**	*6,026*
	17	*6,206*

Balances due to and from connected companies represent trading accounts, which are non-interest bearing (see notes 17 and 21) and loan financing which are unsecured and interest bearing (see note 22).

30. CONTROLLING PARTY

The ultimate parent undertaking is Intercity Technology Holdings Limited, a company incorporated in the United Kingdom and controlled by Mr A Jackson. The financial statements of Intercity Technology Holdings Limited can be obtained from the registered office.