

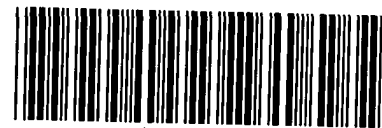
Registered number: 03813447

**GIACOM WORLD NETWORKS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2019**

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**GIACOM WORLD NETWORKS LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	S D Law D Manning M D Wardell
<b>Company secretary</b>	Robert James Dawson
<b>Registered number</b>	03813447
<b>Registered office</b>	Bridge Haven One Saxon Way Priory Park Hessle East Yorkshire HU13 9PG
<b>Independent auditors</b>	KPMG LLP Statutory Auditor 1 Sovereign Square Sovereign Street Leeds LS1 4DA

**GIACOM WORLD NETWORKS LIMITED**

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# GIACOM WORLD NETWORKS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

### Introduction

The directors present their strategic report, directors' report and the financial statements for the period ended 31 July 2019.

### Business review

Giacom is a market-leading cloud solution provider, whose principal activity is the provision of cloud software solutions to the SMB and Micro SMB sectors through its reseller-only online market platform.

Giacom serves the UK market from a single site with a workforce focused on providing best-in-class customer support to supplement the capability of the Cloud.market platform.

In the year under review, further progress in the Cloud.market platform and related activity has seen continued strong growth, with revenue increasing by 41% to £35.5m. Despite investment in deepening the company's capability, operating profit has also grown by 39% to £3.5m.

The breadth of the Cloud.market platform has been extended with an increased range of products added during the year, complementing the core Microsoft offering. This allows Giacom's network of IT resellers to support their end customer base of c.60,000 UK SMBs, enabling improved productivity through the utilisation of cloud software solutions.

Adoption of cloud-based services has continued to increase as a result of heightened awareness and relevancy to the SMB customer base.

Further growth in the business has seen headcount grow to 67 during the year, supporting regeneration of the local economy.

Giacom's position has been recognised with multiple awards during the year, including the Sunday Times Tech Track 100 awards, placed at number 55; and winning CRN's Distributor of the Year (sub £200m).

## GIACOM WORLD NETWORKS LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

#### **Principal risks and uncertainties**

Giacom has a risk management process to identify, evaluate, manage and mitigate significant risks. Regular review of the risk register forms a key part of senior management meetings.

#### **Market risks**

Giacom has a level of dependency on a key supplier but this is managed by a strong level of sales performance meaning Giacom is recognised as a top partner for the supplier. This supplier's core offering is complemented by the provision of products from a number of additional partners, to give a rich service offering to end customers.

Giacom provides services to SMEs with less than 250 employees and with a sweet spot of less than 50 employees. This area of the market is more difficult to address and accordingly has a reduced level of competitive intensity. Continued investment in the Cloud.market platform, and related service and product capability acts as a further strengthening of the company's competitive positioning.

#### **Operational risks**

Giacom has seen a high level of growth in recent years with a significant increase in headcount. This increases the risk of recruitment of the right quality of individual, which the Directors keep under ongoing review. Investment has been made in the period in building out the number and quality of the senior management team.

#### **Liquidity risks**

The company has a high level of recurring revenue over a well-distributed customer base and a positive working capital cycle. Accordingly there is a good visibility of cashflow which is managed through ongoing cash forecast and review. The company has significant cash balances and structured debt facilities.

#### **Brexit risks**

Giacom has no direct exposure to foreign currency fluctuation and trades almost exclusively within the UK. The Directors continue to review Brexit-related developments but at the current time do not consider Brexit to be a principal risk.

#### **Future developments**

The Directors anticipate further growth in the coming year as adoption of cloud software continues as businesses continue to move away from on-premise solutions which in addition to more cloud services being deployed provide richer application set for business and contribution to market growth.

#### **Research and development**

The group continues to invest in research and development. This has resulted in improvements in the cloud marketplace and products which will benefit the group in the short, medium and long term. Costs in respect of this have been capitalised in the balance sheet. The amount of development costs capitalised in the period was £794k.

#### **Going concern**

The group has sufficient financial resources together with recurring revenue streams across a wide base of customers. As a consequence the directors believe that the group is well placed to manage its business risks successfully. This they continue to adopt the going concern basis in preparing the financial statements.

#### **Subsequent Events**

There have been no significant post balance sheet events identified since the year end.

**GIACOM WORLD NETWORKS LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2019**

**Financial key performance indicators**

Management information is reported monthly including Income Statement, Balance Sheet and Cashflow, and compared to budget and prior year, with key variances reviewed. Adjusted EBITDA is the key measure used by management and the Directors to monitor the performance of the company.

	2019	2018
Revenue	<b>£35.5m</b>	£25.1m
Gross Profit	<b>£8.2m</b>	£6.8m
Adjusted EBITDA	<b>£4.98m</b>	£4.34m

Adjusted EBITDA is defined as Operating Profit before Depreciation, Amortisation and Exceptional costs as reconciled to operating profit on page 9.

Overall the Directors are satisfied with the company's continued development and trading performance during the year and will continue to develop the existing activities of the company.

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



**M D Wardell**  
Director

Date: 29/11/2019

## GIACOM WORLD NETWORKS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019

The directors present their report and the financial statements for the year ended 31 July 2019.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements 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 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 to 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.

#### **Results and dividends**

The company paid a dividend of £1,650,000 in the year (2018 - £3,093,253).

Dividends of £3,000,000 have been paid post year end.

#### **Directors**

The directors who served during the year were:

J F Connor (resigned 5 June 2019)  
S D Law (appointed 31 August 2018)  
D Manning  
M D Wardell

#### **Qualifying third party indemnity provisions**

The company has put in place qualifying third party indemnity provisions for all of the directors of Project Seattle Bidco Limited (Holding Company).

#### **Matters covered in the strategic report**

Information is not shown in the directors' report because it is shown in the strategic report instead under S414C (11). The strategic report includes a business review, principal risks and uncertainties and financial key performance indicators.

**GIACOM WORLD NETWORKS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2019**

**Disclosure of information to the 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's auditor is unaware, and
- the director has taken all the steps that he/she ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information;

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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



**M D Wardell**  
Director

Date: 29/11/2019

## GIACOM WORLD NETWORKS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GIACOM WORLD NETWORKS LIMITED

#### Opinion

We have audited the financial statements of Giacom World Networks Limited ("the Company") for the year ended 31 July 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including the accounting policies in note 1..

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### The impact of uncertainties due to the UK exiting the European Union on our audit.

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of trade debtors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## GIACOM WORLD NETWORKS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GIACOM WORLD NETWORKS LIMITED (CONTINUED)

#### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

#### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, considered whether, based on our financial statements audit work, the other information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

**GIACOM WORLD NETWORKS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GIACOM WORLD NETWORKS LIMITED (CONTINUED)**

**Directors' responsibilities**

As explained more fully in their statements set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. 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 fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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 Auditors' 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.



Ian Beaumont (Senior Statutory Auditor)  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

Date: 29/11/2019

**GIACOM WORLD NETWORKS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JULY 2019**

	Note	2019 £	2018 £
Turnover	4	35,466,435	25,103,798
Cost of sales		(27,261,110)	(18,334,225)
<b>Gross profit</b>		<b>8,205,325</b>	<b>6,769,573</b>
Administrative expenses		(4,541,680)	(3,559,591)
Exceptional administrative expenses		(99,065)	(648,256)
<b>Operating profit</b>	5	<b>3,564,580</b>	<b>2,561,726</b>
Interest receivable and similar income	9	84,337	58,689
Interest payable and expenses	10	-	(6,207)
<b>Profit before tax</b>		<b>3,648,917</b>	<b>2,614,208</b>
Tax on profit	11	(109,602)	(486,498)
<b>Profit for the financial year</b>		<b>3,539,315</b>	<b>2,127,710</b>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 12 to 24 form part of these financial statements.

	2019 £	2018 £
<b>Operating profit analysed as:</b>		
Adjusted EBITDA	4,979,282	4,343,496
Non operating Group costs	(186,000)	(179,000)
Exceptional costs	(99,065)	(648,256)
Depreciation of property, plant and equipment	(403,012)	(375,009)
Amortisation of intangible assets	(726,625)	(579,505)
	<b>3,564,580</b>	<b>2,561,726</b>

**GIACOM WORLD NETWORKS LIMITED**  
**REGISTERED NUMBER: 03813447**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	751,048	683,968
Tangible assets	14	1,114,605	1,054,060
		1,865,653	1,738,028
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	6,917,025	5,578,555
Cash at bank and in hand	16	5,684,401	2,233,038
		12,601,426	7,811,593
Creditors: amounts falling due within one year	17	(11,726,750)	(8,632,458)
		874,676	(820,865)
<b>Net current assets/(liabilities)</b>			
		2,740,329	917,163
<b>Total assets less current liabilities</b>			
<b>Provisions for liabilities</b>			
Deferred tax		(13,037)	(79,186)
		(13,037)	(79,186)
<b>Net assets</b>		2,727,292	837,977
<b>Capital and reserves</b>			
Called up share capital	18	100	100
Profit and loss account		2,727,192	837,877
		2,727,292	837,977

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29/11/2019.



**M D Wardell**  
 Director

The notes on pages 12 to 24 form part of these financial statements.

**GIACOM WORLD NETWORKS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2018	100	837,877	837,977
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,539,315	3,539,315
	-	-	-
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	3,539,315	3,539,315
Equity dividends	-	(1,650,000)	(1,650,000)
<b>Total transactions with owners</b>	-	(1,650,000)	(1,650,000)
<b>At 31 July 2019</b>	<b>100</b>	<b>2,727,192</b>	<b>2,727,292</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2017	100	1,803,420	1,803,520
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,127,710	2,127,710
	-	-	-
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	2,127,710	2,127,710
Equity dividends	-	(3,093,253)	(3,093,253)
<b>Total transactions with owners</b>	-	(3,093,253)	(3,093,253)
<b>At 31 July 2018</b>	<b>100</b>	<b>837,877</b>	<b>837,977</b>

The notes on pages 12 to 24 form part of these financial statements.

## GIACOM WORLD NETWORKS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

#### 1. General information

Giacom World Networks Limited is a company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the Company information page and the nature of the company's operations and its principal activity is disclosed in the Strategic report.

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

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Project Seattle Topco Limited as at 31 July 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

##### 2.3 Going concern

The directors have prepared trading & financial forecasts for the company, comprising of Profit & Loss, Balance Sheet and Cash Flows for a period of 12 months from the date of approval of these accounts.

For the purposes of their assessment of the appropriateness of the preparation of the company's accounts on a going concern basis, the directors have considered these forecasts and the data therein to give a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, meet liabilities as and when they fall due and comply with future covenant and headroom compliance.

Accordingly they have concluded that it is appropriate for the financial statements for the period ended 31 July 2019 to be prepared on a going concern basis.

## GIACOM WORLD NETWORKS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The Company derives revenues from fees charged for meeting its performance in connection with cloud service offerings.

##### 2.5 Research and development

Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over 2 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### 2.6 Interest income

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

##### 2.7 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.

##### 2.8 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

## GIACOM WORLD NETWORKS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

#### 2. Accounting policies (continued)

##### 2.9 Pensions

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

The contributions are recognised as an expense in the Statement of Comprehensive Income which they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

##### 2.11 Exceptional costs

Exceptional costs are recognised on the basis of those that occur as a result of events considered to be outside the normal course of business due to their unusual size, nature or incidence, and are disclosed separately to assist comparison of trading performance with previous periods.

##### 2.12 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.

The estimated useful lives range as follows:

Development expenditure	-	2	years
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## GIACOM WORLD NETWORKS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

#### 2. Accounting policies (continued)

##### 2.13 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.

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:

Fixtures and fittings and computer equipment	-	25% straight line
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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 the Statement of Comprehensive Income.

##### 2.14 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.

##### 2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.16 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.

##### 2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

## GIACOM WORLD NETWORKS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

#### 2. Accounting policies (continued)

##### 2.18 Financial instruments

The Company 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 non-puttable ordinary shares.

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 Statement of Comprehensive Income.

##### 2.19 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.

##### 2.20 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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.

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgments:

Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

Tangible fixed assets (see note 14)

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

Impairment of intangible assets and goodwill (see note 13)

The company considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGU's). This requires estimation of the future cash flows from CGU's and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Recoverability of trade debtors (see note 15)

The recoverability of trade debtors is regularly reviewed in light of the available economic information specific to each debtor and specific provisions are recognised for balances considered to be irrecoverable.

**GIACOM WORLD NETWORKS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**4. Turnover**

All turnover arose within the United Kingdom.

**5. Operating profit**

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation of fixed assets	403,012	375,009
Amortisation of development costs	726,625	579,505
Other operating lease rentals	111,575	97,307
Exceptional costs	99,065	648,256
Exchange differences within operating profit	1,100	(2,360)
	1,100	(2,360)

**6. Exceptional costs**

Exceptional costs are those that occur in the ordinary course of business but due to their size or incidence are separately disclosed by management. In the prior year exceptional deal costs of £407,000 were incurred with regards to the acquisition of the company by Project Seattle Topco Limited.

Other exceptional costs of £99,065 (2018 - £241,256) were incurred relating to senior management changes and other restructuring costs resulting from the acquisition of the company by Project Seattle Topco Limited.

**7. Auditors' remuneration**

	2019	2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	25,000	25,000
	25,000	25,000
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
All other services	13,000	150,748
	13,000	150,748

**GIACOM WORLD NETWORKS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**8. Employees**

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	1,474,563	1,166,283
Social security costs	118,188	83,743
Cost of defined contribution scheme	70,136	13,018
	<u>1,662,887</u>	<u>1,263,044</u>

In addition staff costs of £793,705 were capitalised in the year relating to development activities.

The average monthly number of employees, including directors, during the year was 63 (2018 - 51).

The directors who served during the year were remunerated by other companies in the Group headed by Project Seattle Topco Limited. It is impractical to allocate that remuneration on the basis of services to individual companies within the Group. Total remuneration paid to group directors for the period amounted to £606,660 (2018 - £370,417) and pension contributions £23,924 (2018 - £1,921).

**9. Interest receivable**

	2019 £	2018 £
Interest receivable from group undertakings	84,337	58,689
	<u>84,337</u>	<u>58,689</u>

**10. Interest payable and similar expenses**

	2019 £	2018 £
Bank interest payable	-	6,207
	<u>-</u>	<u>6,207</u>

**GIACOM WORLD NETWORKS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**11. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>405,075</b>	576,329
Adjustments in respect of previous periods	<b>(229,324)</b>	-
	<u><b>175,751</b></u>	<u>576,329</u>
<b>Total current tax</b>	<u><b>175,751</b></u>	<u>576,329</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(138,483)</b>	(92,786)
Adjustment in respect of previous periods	<b>72,334</b>	2,955
<b>Total deferred tax credit</b>	<u><b>(66,149)</b></u>	<u>(89,831)</u>
<b>Taxation on profit on ordinary activities</b>	<u><b>109,602</b></u>	<u>486,498</u>

**GIACOM WORLD NETWORKS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>3,648,917</u>	<u>2,614,208</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	693,294	496,700
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,032	123,809
Additional deduction for R&D expenditure	(16,184)	-
Adjustment to deferred tax in respect of prior periods	72,334	2,955
Tax rate differences	16,292	10,915
Group relief	(428,842)	(147,881)
Prior year adjustment	(229,324)	-
<b>Total tax charge for the year</b>	<u>109,602</u>	<u>486,498</u>

**Factors that may affect future tax charges**

A reduction in the UK Corporation Tax rate from 19% to 17% (effective 1 April 2020) was substantially enacted on 6 September 2017.

**12. Dividends**

	2019 £	2018 £
Dividends paid	<u>1,650,000</u>	<u>3,093,253</u>
	<u>1,650,000</u>	<u>3,093,253</u>

Dividends of £16,500 per Ordinary share were paid.

GIACOM WORLD NETWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

13. Intangible assets

	<b>Capitalised Development Costs £</b>
<b>Cost</b>	
At 1 August 2018	2,049,066
Additions	793,705
At 31 July 2019	<u>2,842,771</u>
<b>Amortisation</b>	
At 1 August 2018	1,365,098
Charge for the year	726,625
At 31 July 2019	<u>2,091,723</u>
<b>Net book value</b>	
At 31 July 2019	<u><u>751,048</u></u>
At 31 July 2018	<u><u>683,968</u></u>

Amortisation charges are recognised within administrative expenses.

**GIACOM WORLD NETWORKS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**14. Tangible fixed assets**

	<b>Fixtures, Fittings and IT Equipment £</b>
<b>Cost or valuation</b>	
At 1 August 2018	1,978,823
Additions	463,557
At 31 July 2019	2,442,380
<b>Depreciation</b>	
At 1 August 2018	924,763
Charge for the year on owned assets	403,012
At 31 July 2019	1,327,775
<b>Net book value</b>	
At 31 July 2019	1,114,605
At 31 July 2018	1,054,060

Depreciation charges are recognised within administrative expenses.

**15. Debtors**

	<b>2019 £</b>	<b>2018 £</b>
Trade debtors	2,989,513	1,990,727
Amounts owed by group undertakings	1,204,817	1,204,817
Prepayments and accrued income	2,722,695	2,383,011
	<b>6,917,025</b>	<b>5,578,555</b>

**16. Cash and cash equivalents**

	<b>2019 £</b>	<b>2018 £</b>
Cash at bank and in hand	5,684,401	2,233,038
	<b>5,684,401</b>	<b>2,233,038</b>

**GIACOM WORLD NETWORKS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**17. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	5,875,794	3,858,672
Amounts owed to group undertakings	93,540	44,912
Corporation tax	407,610	576,662
Other taxation and social security	1,060,125	945,524
Other creditors	15,931	4,308
Accruals and deferred income	4,273,750	3,202,380
	11,726,750	8,632,458

Amounts due from group companies are repayable on demand and do not attract interest.

**18. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
100 (2018 - 100) Ordinary shares of £1.00 each	100	100

**19. Contingent liabilities**

The company has a guarantee in respect of bank borrowings by companies in the Project Seattle Topco Limited Group, primarily the bank loan liability in Project Seattle Bidco Limited of £10,303,548.

**20. Pension commitments**

During the year the Company paid contributions of £70,136 (2018 - £13,018) to a defined contributions pension scheme. At the year end contributions of £15,931 (2018 - £4,308) were recognised as due within other creditors.

**21. Commitments under operating leases**

At 31 July 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	91,089	76,601
Later than 1 year and not later than 5 years	191,917	275,330
Later than 5 years	-	92,120
	283,006	444,051

**GIACOM WORLD NETWORKS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**22. Related party transactions**

The Company has taken advantage of the exemptions available in FRS102 S33.1A and not disclosed related party transactions with wholly owned subsidiaries of the Group headed by Project Seattle Topco Limited.

	<b>Sales to 2019 £000</b>	<b>Purchases from 2019 £000</b>	<b>Receivables outstanding 2019 £000</b>	<b>Sales to 2018 £000</b>	<b>Purchases from 2018 £000</b>	<b>Receivables outstanding 2018 £000</b>
Entities with control, joint control or significant influence over the Company	-	159	-	-	-	-
Other related parties	1,010	38	227	560	36	124

Other related parties relate to entities which are controlled by a shareholder or the shareholder has significant influence. Transactions with these entities relate to the trade of the Company and are at normal commercial terms.

**23. Controlling party**

The immediate parent company is Giacom Holdings Limited. On 20 November 2017 100% of the ordinary share capital of Giacom Holdings Limited was indirectly acquired by Project Seattle Topco Limited. The ultimate parent Company is Project Seattle Topco Limited which prepares group financial statements. Project Seattle Topco Limited is the parent company of the smallest and largest group in which the company is consolidated. Its registered office is Bridge Haven One, Saxon Way, Priory Park, Hessle, East Yorkshire, HU13 9PG.

The Directors are of the opinion that by virtue of their shareholding the company is controlled by LivingBridge 6 LP.