

Drimnin Community Broadband C.I.C.

**Company Limited by Guarantee
Company Registration Number SC554497**

Unaudited Financial Statements

1st February 2018 to 31st January 2019

Registered Office

**Auchnasaul House
Drimnin
Oban
PA80 5XZ**

Drimnin Community Broadband C.I.C.

Directors' Report

1st February 2018 to 31 January 2019

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year.

Principal Activities

The principal activities of the company during the year were establishment of infrastructure for a broadband service for the community of Drimnin and the subsequent provision of service. The service began operation in August 2018.

Main Risks

The directors have identified two main risks to the business.

Failure of equipment from weather events or breakdown could lead to substantial unexpected costs. The company has purchased insurance against weather events and a maintenance contract to cover equipment failure.

The company's ability to obtain new customers is very limited. A number of existing customers failing to renew their contracts in 2020 could result in the company being unable to meet its costs.

Directors

The directors who served the company during the year were as follows:

Name (Position)	Date of Appointment
R David Campbell (Secretary)	13 th January 2017
Clive R Edwardes (Chairman)	13 th January 2017
Michael B Foulis	13 th January 2017
Rhonda Newsham	13 th January 2017
Annabel B Thomas	13 th January 2017

Small Company Provisions

These accounts have been prepared in accordance with the provisions available to micro-entities in Part 15 of the Companies Act 2006.

The directors are satisfied that the company is a going concern at 31st January 2019. In taking this view, the directors have taken the following into account: the capital expenditure programme to enable the service has been completed and there are no outstanding capital expenditure commitments; the number of contracted customers is sufficient to support the service.

Signed by order of the directors:

R D Campbell
Secretary

Income and Expenditure Account

1st February 2018 to 31st January 2019(Comparative figures are for the period 13th January 2017 to 31st January 2018.)

	Notes	2019	2018
		£	£
Turnover	3	10,180	0
Cost of Sales	4	-6,208	0
Gross Profit on sales		<u>3,972</u>	<u>0</u>
Grants	1, 7	7,025	0
Administrative Expenses	5	-1,223	764
Depreciation	1, 7	-9,546	0
Surplus or Deficit		<u>229</u>	<u>-764</u>

Balance Sheet: 31st January 2019

	Notes	2019	2018
		£	£
Fixed Assets			
Tangible Fixed Assets	1,7	<u>28,637</u>	<u>0</u>
Current Assets			
Debtors	6	2,535	0
Cash at bank		4,048	509
Total Current assets		<u>6,583</u>	<u>509</u>
Creditors			
Amounts falling due within one year			
Subscriptions received in advance	3	488	68
Deferred Income in respect of grants	7	5,625	
Net Current Assets		<u>470</u>	<u>441</u>
Total Assets Less Current Liabilities		<u>29,108</u>	<u>441</u>
Creditors			
Amounts falling due after more than one year			
Loans	8	18,393	1,205
Deferred Income in respect of grants	7	11,250	0
Net Assets		<u>-535</u>	<u>-764</u>
Reserves			
Income and Expenditure Account		-535	-764
Members' Funds	9	<u>-535</u>	<u>-764</u>

For the year ending 31st January 2019 the company was entitled to exemption from audit under section 477 of Companies Act 2006 (“the Act”) relating to small companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

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

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies’ regime and in particular The Small Companies (Micro-Entities’ Accounts) Regulations 2013.

These financial statements including the notes have been approved for issue by the Board of directors on 5th September 2019.

Signed by order of the Directors:

R D Campbell
Secretary

Notes and Accounting Policies

1. Accounting Policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

b) Turnover

Turnover represents the fair value of consideration receivable in the ordinary course of business for services provided.

c) Fixed assets

All fixed assets are initially recorded at cost.

d) Depreciation

Depreciation is calculated to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Masts and electronic equipment - 25% of the initial cost of the asset on a straight line basis over 4 years. Residual values are taken at zero.

e) Grants

Grants received to meet operational costs are recognized as income in the year in which the corresponding operational costs are recognized.

Grants received to fund the purchase of fixed assets are recognized as income to match the depreciation recognized in respect of the corresponding assets.

2. Directors' Emoluments

Directors are unpaid and received no emoluments of any kind.

3. Turnover

The company's service began operation in August 2018 and turnover represents monthly subscriptions paid by customers in respect of broadband service from August 2018 to January 2019 inclusive.

Subscriptions are due at the beginning of month of service and a proportion of subscriptions in respect of February 2019 had been received by the end of January 2019. These prepaid subscriptions are not included in turnover but are shown in creditors.

The company's contracts with subscribers are for fixed terms of 2 years.

4. Cost of Sales

The cost of sales represents the direct expenses which the company incurred to provide its service for the period August 2018 to January 2019 inclusive. The main items of expenditure are payments to BT

for fibre broadband service (£4,940) and the cost of the company's maintenance contract with Rapier Systems for the same period (£1,219).

The company's contract with BT is for a fixed term of 3 years ending in July 2021. The company's contract with Rapier Systems is for 1 year ending in July 2019.

5. Administrative Expenses

Administrative expenses comprise the portion of the insurance premium corresponding to the year together with a few minor items.

6. Prepayments

Debtors comprise the unexpired portions of the company's insurance premium paid during the year (£1,337) and the fee for the maintenance contract with Rapier Systems (£1,199).

7. Capital Expenditure, Grants and Fixed Assets

The company incurred £38,183 of capital expenditure on electronic equipment and masts in the year. Of this, £22,500 was met by grants. There are no outstanding conditions attaching to these grants. The balance of the capital expenditure was financed by loans.

Depreciation in respect of the assets funded from grants came to £5,625 and a corresponding amount of the total grant receipts has been recognised as income. Total depreciation for the year was £9,546.

The balance of the grants used for capital expenditure of £16,875 is recognised as deferred income.

The company also received a grant towards operating costs of £1,400 during the year.

8. Loans and Related Party Transactions

Loans represent long term loans from Members of the company some of whom are directors of the company. Loans are repayable only at the option of the company. No interest is payable on these loans. The loans are shown at transaction value.

Movements on the loan account during the year were as follows:

Loan Balance at 1 st February 2018	£1,205
New Loans	£17,188
Loan Balance at 31 st January 2019	£18,393

The company was under the control of the Directors throughout the year.

No transactions with related parties which are required to be disclosed under Financial Reporting Standard 8 were undertaken other than loans.

9. Company Limited By Guarantee

The company is limited by guarantee and therefore has no share capital. The liability of the members upon winding up of the company is limited to £1.

10. Taxation

The company is not registered for VAT

The company is liable for business rates on its installations but the directors consider that the company will be eligible for small business relief in 2018/19 and 2019/20 and will not incur any costs.

The directors consider that no corporation tax liability arises in respect of the year.