

# REGISTRAR

Registered number: 04926434

**I2S GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**



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**I2S GROUP LIMITED**

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**I2S GROUP LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	L M Ayris M A Barber M Faraday M J Jackson P R Weston
<b>Company secretary</b>	M Faraday
<b>Registered number</b>	04926434
<b>Registered office</b>	41 Alston Drive Bradwell Abbey Milton Keynes Buckinghamshire MK13 9HA
<b>Independent auditor</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ

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## I2S GROUP LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### Introduction

The Directors present their report and the financial statements for the year ended 30 September 2018.

#### Business review

ITM Communications Limited, the main trading Company of the Group, delivered a strong performance during 2018 with turnover increasing by just over 20% to £14.4m (2017 £12.0m), reflecting the contribution from an expanding customer base. The additional revenue, with no significant increase in overheads, and improved operational efficiencies combined to deliver EBIT of £929,698, an increase of £394,387 (73.67%) over 2017.

The Group continues to provide services in the following areas of capability;

- Structured Cabling & Wireless
- Data Centre Infrastructure
- Converged Solutions
- Offsite Build & Test
- Site Services

We continue to focus on existing and new customers where we can provide specialised and differentiated services that support higher gross margins and who individually can sustain revenues of typically less than 10% of our turnover thus avoiding the risks of revenue concentration.

Our expanding customer base provides exposure to several lucrative market sectors offering attractive prospects for growth, these include; Government and Defence, Hyperscale / Cloud, Media, Major Enterprise, Banking, Retail and Service Provider.

Several new customers were secured during the year and we expect further growth as new contracts start to present additional opportunities. Investments in people, training, compliance and systems are continuing, to ensure that we can safely deliver increased revenues and maximise margin opportunities.

Of note is our "iComply" branded compliance system comprising; systems, processes, accreditations and expertise, collectively providing our customers with confidence that we will deliver the highest levels of service. This initiative has become a strong differentiation for ITM, and our customers recognise the industry leading advances that we have made.

We remain positive in our outlook, although competition remains strong and the effects of Brexit are unknown, the positive effects of new customers, high levels of compliance and improved operational control are supportive of continued growth.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**Principal risks and uncertainties**

The principal business risks and uncertainties affecting the Group can be summarised as:

- Control of gross margins and the effective management of service and project costs.
- Strong competitive pressure and commoditisation of some products and services.
- The continuing weak economy manifests in reduced customer spend and deferred investment.
- Contract renewal cycles give opportunity to customers to seek better value for money and to reduce their cost base by encouraging increased competition amongst suppliers.
- Changeable customer demand and investment cycles.
- Increased exposure to foreign currency fluctuations precipitated by Brexit, with exposure to both cost price and selling price transactions in USD and Euros.

An ongoing focus on mitigating these risks and uncertainties is achieved by;

- Maintaining positive free cash flow through strict control of credit limits and the timely collection of cash, using a banking facility only on rare occasions.
- Thorough control of gross margins through the effective management of costs of labour, materials and overheads.
- Legal review of commercial contracts with inherent risks negotiated out wherever possible.
- Continuing to focus on winning new customers in buoyant market sectors that are capable of generating significant recurring revenue.
- Investment in new systems, accreditations, people and training, streamlining our business processes wherever possible.
- Tight control and management of fixed and variable cost bases.
- Continued diversification into new higher margin services and solutions and expanding the services supplied into our existing customer base.
- Where possible ITM negotiates extended contracts for services, typically; multi-year Master Services Agreements, Sole Supplier Contracts and Government Frameworks.
- Striving to deliver service excellence to our customers to support the building of highly retentive relationships.
- Currency facilities to minimise any fluctuation risk.

**Key performance indicators**

The key performance indicators used by the Group's management team to assess business performance are:

- Debtor days
- Order intake
- Revenue levels
- Individual project profit margins
- Working capital levels
- EBITDA

All perceived risks to the Group are carefully managed and minimised by the Directors, ensuring that the Group can continue to develop in a sustainable manner. Fortnightly senior management meetings are held where existing, new or perceived risks are discussed, and mitigation strategies agreed and implemented.

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**I2S GROUP LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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

  
.....  
**L M Ayris**  
Director

Date: 14 June 2019

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## I2S GROUP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

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The Directors present their report and the financial statements for the year ended 30 September 2018.

#### Principal activity

The principal activity of the Company during the year was a holding company to provide services to its subsidiary companies.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,077,678 (2017 - £1,029,298).

Dividends of £990,236 (2017 - £1,010,000) were paid during the year.

#### 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

#### Directors

The Directors who served during the year were:

L M Ayris  
M A Barber  
M Faraday  
M J Jackson  
P R Weston

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**Future developments**

The outlook for the performance of the Group is positive and the Directors remain focused on the objective of building a sustainable business that offers specialised and differentiated services to a growing and diverse customer base.

This objective will be met through the careful addition of new customers, ongoing investments in people and systems and the tight control of operational costs.

The Directors are satisfied that the key performance indicators have been met during the year and are being reviewed and achieved on an ongoing basis.

**Post balance sheet events**

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

**Disclosure of information to auditor**

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 ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, MHA MacIntyre Hudson, 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.

  
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L M Ayris  
Director

Date: 14 June 2019



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF I2S GROUP LIMITED**

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**Opinion**

We have audited the financial statements of I2S Group Limited (the 'Company') for the year ended 30 September 2018, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of its 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**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

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**I2S GROUP LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF I2S GROUP LIMITED (CONTINUED)**

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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.

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

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

In the light of the knowledge and understanding of the 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.

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.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 5, 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.

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I2S GROUP LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF I2S GROUP LIMITED (CONTINUED)

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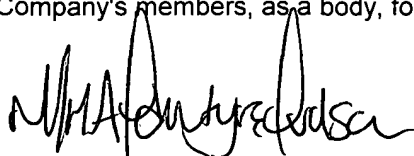
**Auditor's responsibilities for the audit of the financial statements**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**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.



Martin Herron BA ACA (Senior Statutory Auditor)  
for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants

Statutory Auditors

Moorgate House

201 Silbury Boulevard

Milton Keynes

Buckinghamshire

MK9 1LZ

Date: 14 June 2019

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**I2S GROUP LIMITED**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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	Note	2018 £	2017 £
Turnover	4	180,000	180,000
<b>Gross profit</b>		<b>180,000</b>	180,000
Administrative expenses		(75,829)	(79,626)
<b>Operating profit</b>		<b>104,171</b>	100,374
Income from shares in group undertakings		1,000,000	880,000
Interest receivable and similar income	8	400,251	429,496
Interest payable and expenses	9	(426,744)	(380,572)
<b>Profit before tax</b>		<b>1,077,678</b>	1,029,298
Tax on profit	10	-	-
<b>Profit after tax</b>		<b>1,077,678</b>	1,029,298
Retained earnings at the beginning of the year		39,923	20,625
Profit for the year		1,077,678	1,029,298
Dividends declared and paid	11	(990,236)	(1,010,000)
<b>Retained earnings at the end of the year</b>		<b>127,365</b>	39,923

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

The notes on pages 13 to 21 form part of these financial statements.

**BALANCE SHEET  
AS AT 30 SEPTEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investments	12	2	2
		<u>2</u>	<u>2</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	4,260,265	4,311,846
		<u>4,260,265</u>	<u>4,311,846</u>
Creditors: amounts falling due within one year	14	(3,981,290)	(4,120,313)
		<u>278,975</u>	<u>191,533</u>
<b>Net current assets</b>			
		<u>278,977</u>	<u>191,535</u>
<b>Total assets less current liabilities</b>			
		<u>278,977</u>	<u>191,535</u>
<b>Net assets</b>		<u>278,977</u>	<u>191,535</u>
<b>Capital and reserves</b>			
Called up share capital	16	2,612	2,612
Share premium account	17	149,000	149,000
Profit and loss account	17	127,365	39,923
		<u>278,977</u>	<u>191,535</u>

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

  
.....  
**L M Ayris**  
Director

Date: 14 June 2019

The notes on pages 13 to 21 form part of these financial statements.

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**I2S GROUP LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 October 2016</b>	<b>2,612</b>	<b>149,000</b>	<b>20,625</b>	<b>172,237</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,029,298	1,029,298
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,029,298</b>	<b>1,029,298</b>
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(1,010,000)	(1,010,000)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(1,010,000)</b>	<b>(1,010,000)</b>
<b>At 1 October 2017</b>	<b>2,612</b>	<b>149,000</b>	<b>39,923</b>	<b>191,535</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,077,678	1,077,678
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,077,678</b>	<b>1,077,678</b>
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(990,236)	(990,236)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(990,236)</b>	<b>(990,236)</b>
<b>At 30 September 2018</b>	<b>2,612</b>	<b>149,000</b>	<b>127,365</b>	<b>278,977</b>

The notes on pages 13 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**1. General information**

I2S Group Limited (registered number 04926434) is a private limited Company incorporated by shares in England and Wales. The address of its registered office is the same as its principal place of business and can be found on the company information page.

The Company's principal activity is a holding company to provide services to its subsidiary companies.

The financial statements are presented in Sterling, which is also the functional currency of the Company and Group. The financial statements are prepared with a £1 rounding level applied.

**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 management to exercise judgment 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 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of 3ML Holdings Limited as at 30 September 2018 and these financial statements may be obtained from Companies House.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**2. Accounting policies (continued)**

**2.3 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.

**2.4 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.5 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.

**2.6 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 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.

**2.7 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.

**2.8 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**2. Accounting policies (continued)**

**2.9 Finance costs**

Finance costs are charged to the Statement of Income and Retained Earnings 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 Interest income**

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

**2.11 Taxation**

Tax is recognised in the Statement of Income and Retained Earnings, 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 operates and generates income.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily separated from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no key judgments or key estimates included within the financial statements of the Company.

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Management fees to subsidiaries	<u>180,000</u>	<u>180,000</u>

All turnover arose within the United Kingdom.

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**I2S GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**5. Auditor's remuneration**

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>2,500</u>	<u>2,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**6. Employees**

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

	2018 £	2017 £
Wages and salaries	66,933	70,218
Social security costs	998	1,019
	<u>67,931</u>	<u>71,237</u>

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

	2018 No.	2017 No.
Management staff	<u>3</u>	<u>3</u>

**7. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	<u>66,933</u>	<u>70,218</u>

The key management personnel are also the Directors of the Company.

**8. Interest receivable**

	2018 £	2017 £
Interest receivable from group companies	<u>400,251</u>	<u>429,496</u>

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**I2S GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**9. Interest payable and similar expenses**

	<b>2018</b>	2017
	£	£
Interest payable to group companies	<b>426,744</b>	380,572

**10. Taxation**

	<b>2018</b>	2017
	£	£
<b>Corporation tax</b>		
Current tax on profits for the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.0% (2017 - 19.5%). The differences are explained below:

	<b>2018</b>	2017
	£	£
Profit on ordinary activities before tax	<b>1,077,678</b>	1,029,298
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2017 - 19.5%)	<b>204,759</b>	200,713
<b>Effects of:</b>		
Utilisation of tax losses	<b>(14,759)</b>	(29,113)
Dividends from UK companies	<b>(190,000)</b>	(171,600)
<b>Total tax charge for the year</b>	<b>-</b>	-

**Factors that may affect future tax charges**

The company has an unprovided deferred tax asset of £78,178 (2017 - £101,528) in respect of total losses carried forward of £459,873 (2017 - £564,044).

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**I2S GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**11. Dividends**

	<b>2018</b>	2017
	£	£
Dividends paid on equity capital	<u><b>990,236</b></u>	<u>1,010,000</u>

**12. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 October 2017	2
At 30 September 2018	<u>2</u>
<b>Net book value</b>	
At 30 September 2018	<u>2</u>
At 30 September 2017	<u>2</u>

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**I2S GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**12. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
ITM Communications Limited	Ordinary	100 %	IT Infrastructure & Services
Massa Solutions Limited	Ordinary	100 %	Dormant

<b>Name</b>	<b>Registered office</b>
ITM Communications Limited	41 Alston Drive, Bradwell Abbey, Milton Keynes, Buckinghamshire, MK13 9HA
Massa Solutions Limited	41 Alston Drive, Bradwell Abbey, Milton Keynes, Buckinghamshire, MK13 9HA

The aggregate of the share capital and reserves as at 30 September 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves £</b>	<b>Profit £</b>
ITM Communications Limited	<b>5,118,532</b>	<b>1,208,861</b>
Massa Solutions Limited	<b>1</b>	<b>-</b>

**13. Debtors**

	<b>2018 £</b>	<b>2017 £</b>
Amounts owed by group undertakings	<b>4,260,265</b>	<b>4,311,846</b>

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

	<b>2018 £</b>	<b>2017 £</b>
Trade creditors	<b>4,034</b>	<b>5,600</b>
Amounts owed to group companies	<b>3,971,256</b>	<b>4,106,088</b>
Accruals and deferred income	<b>6,000</b>	<b>8,625</b>

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**I2S GROUP LIMITED**

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**15. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>4,260,265</u>	<u>4,311,846</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(3,981,290)</u>	<u>(4,120,313)</u>
Financial assets that are debt instruments measured at amortised cost comprise:		
Amounts owed by group undertakings	£4,260,265	(2017 - £4,311,846)
Financial liabilities measured at amortised cost comprise:		
Trade creditors	£4,034	(2017 - £5,600)
Amounts owed to group companies	£3,971,256	(2017 - £4,106,088)
Accruals	£6,000	(2017 - £8,625)

**16. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
20,000,000 (2017 - 20,000,000) Ordinary shares of £0.0001 each	2,000	2,000
6,118,967 (2017 - 6,119,000) Deferred shares of £0.0001 each	612	612
	<u>2,612</u>	<u>2,612</u>

**17. Reserves****Share premium account**

Share premium is the excess paid above the nominal value of shares.

**Profit and loss account**

The profit and loss account contains all previous accumulated profit and losses to date.

**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Contingent liabilities**

ITM Communications Limited, a subsidiary of the Company, has been provided with an invoice discounting facility by the Royal Bank of Scotland Plc, for which the Company has provided an unlimited guarantee, including a fixed and floating charge over the assets of I2S Group Limited.

Royal Bank of Scotland Plc has a first charge over the trade debtors of the group, in addition to fixed and floating charges over the other assets of the group.

**19. Related party transactions**

During the year, services provided and costs incurred on behalf of the Company and recharged by Kelso Place Asset Management LLP and its subsidiary undertakings, a Group with common Directors, amounted to £12,000 (2017 - £12,000). At the year end £2,000 (2017 - £3,600) was owed to Kelso Place Asset Management LLP.

During the year M Faraday, a Director, invoiced the Company £12,117 (2017 - £12,079) for services provided. The balance due to M Faraday at the year end was £2,034 (2017 - £2,000).

**20. Controlling party**

3ML Holdings Limited, a Company registered in England and Wales, is regarded by the Directors as being the Company's ultimate parent undertaking. The consolidated financial statements of the Group are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the opinion of the Directors there is no ultimate controlling party.

The largest and smallest Group of undertakings for which Group accounts are prepared and of which the Company is a member is that headed by 3ML Holdings Limited.