

Company Registration No. 06228885 (England and Wales)

CORONA CORPORATE SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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CORONA CORPORATE SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	K Coveney D M Pickering J Stephens A J Moffitt	(Appointed 20 November 2020)
Company number	06228885	
Registered office	1-2 Castle Lane London SW1E 6DR	
Auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG	

CORONA CORPORATE SOLUTIONS LIMITED

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CORONA CORPORATE SOLUTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

The Group accelerated its acquisition activity in the year to 31 March 2020 and acquired the trade and assets of Workflow Imaging Systems Limited (WIS) in May 2019 and the shares of Business by Technology Limited (BBT) in November 2019. These acquisitions have extended the Group's MIF (Machines in Field) and customer base and firmly established the business as a leading independent provider of Managed Print Services (MPS) in the U.K.

In the financial year 2021, the Group continues to assess suitable acquisition opportunities despite the challenging macro-economic climate as well as making significant improvements to its operational capability through the wholesale upgrade of its ERP platform. This will enable the Group to deploy more advanced technology, enhance its service delivery to its customers, and provide a platform to further scale the business in the future.

Review of business

The main activity of the Group is that of the supply and maintenance of multi-functional devices, telephony systems and software thereon.

The results for the year and financial position of the company are shown in these financial statements. Gross profit was £31,692k (2019: £17,447k), with gross profit margin of 60% (2019: 61%).

The company generated a profit before tax and dividends of £13,855k (2019: £5,249k).

COVID-19 has presented challenges to the Group since the outbreak of the pandemic in the Spring of 2020. The Group benefitted from having fully integrated all acquisitions by the end of the financial year and was in a strong financial position at the time of the nationwide lockdown in late March. The Group continued to trade through the pandemic with below normal levels of revenue, but well ahead of the initial expectations at the start of the crisis. The Directors put particular focus on cash generation and liquidity enabling measures and also took the opportunity to streamline costs and processes in a number of areas. It has also continued to invest in the business and has strengthened its teams with key appointments in core areas of Sales, Service and Finance. The directors are confident that the company has adequate resources to continue operating normally for the foreseeable future and meet all going concern requirements.

The table below illustrates the performance in 2020 versus 2019. The uplift in EBITDA reflects the benefit of in-year acquisitions as well as steady growth within the existing client base.

EBITDA	2020	2019	Change
	£'000	£'000	£'000
Turnover	52,719	28,629	24,090
Gross Profit	31,692	17,447	14,245
Gross Profit Margin	60%	61%	-1%
EBITDA before Exceptional costs	15,435	5,834	9,601
EBITDA % of Turnover	29%	20%	9%

Principle Risks and Uncertainties

The principle risks and uncertainties facing the Group relate to an unexpected decrease in turnover or a disruption in the supply chain. Risks are posed by COVID-19 and Brexit-related uncertainties which the Group's Board minimises through continuous monitoring and maintenance of strong business relationships with its customers and key suppliers.

CORONA CORPORATE SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Key Performance Indicators

Whilst the directors review and measure all aspects of the business, including customer retention, service call response times, MIF per engineer and first-time fix rates, the Directors consider EBITDA and EBITDA % of revenue as the key indicator of success of the business.

The Board has confidence in the company's ability to identify the right acquisition targets as well as acquire and integrate these effectively. EBITDA has increased substantially in 2020 versus the prior year reflecting the full year benefits of acquisitions made in the previous financial year and FY 2020, as well as the cost synergies realised following the integration of these businesses.

Going concern

Details of matters relevant to the director's assessment of the application of the going concern basis are given in note 1.2 to the financial statements.

On behalf of the board



.....
J Stephens

Director 30/11/2020
.....

CORONA CORPORATE SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of the supply and maintenance of multi-functional devices and telephony systems, and software thereon.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K Coveney

D M Pickering

J Stephens

G D Orr

(Appointed 12 November 2019 and resigned 26 August 2020)

A J Moffitt

(Appointed 20 November 2020)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Grant Thornton UK LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

The directors confirm that:

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
J Stephens

Director

30/11/2020

Date:

CORONA CORPORATE SOLUTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

CORONA CORPORATE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF CORONA CORPORATE SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Corona Corporate Solutions Limited (the 'company') for the year ended 31 March 2020, which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 March 2020 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the 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.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties 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 associated with these particular events

CORONA CORPORATE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF CORONA CORPORATE SOLUTIONS LIMITED

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 and the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

CORONA CORPORATE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF CORONA CORPORATE SOLUTIONS LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

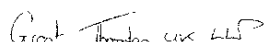
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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 member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



Marc Summers BSc(Hons) FCA (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP

30/11/2020

Chartered Accountants
Statutory Auditor

30 Finsbury Square
London
EC2A 1AG

CORONA CORPORATE SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	52,718,679	28,629,070
Cost of sales		(21,027,108)	(11,182,335)
Gross profit		31,691,571	17,446,735
Distribution costs		(621,978)	(299,373)
Administrative expenses		(16,069,664)	(11,593,293)
Exceptional item	4	(1,144,824)	(295,181)
Operating profit	5	13,855,105	5,258,888
Interest payable and similar expenses	9	-	(10,655)
Profit before taxation		13,855,105	5,248,233
Tax on profit	10	(228,056)	(511,777)
Profit for the financial year		13,627,049	4,736,456

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CORONA CORPORATE SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Profit for the year	13,627,049	4,736,456
Other comprehensive income	-	-
Total comprehensive income for the year	<u>13,627,049</u>	<u>4,736,456</u>

CORONA CORPORATE SOLUTIONS LIMITED**BALANCE SHEET****AS AT 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	11		-	232,686	
Tangible assets	12	1,001,104		459,844	
Investments	13	2,761,348		2,761,348	
			3,762,452		3,453,878
Current assets					
Stocks	15	1,969,057		1,056,468	
Debtors	16	32,996,110		19,691,436	
Cash at bank and in hand		5,241,010		2,643,065	
			40,206,177		23,390,969
Creditors: amounts falling due within one year	17	(19,107,276)		(14,299,085)	
Net current assets			21,098,901		9,091,884
Total assets less current liabilities			24,861,353		12,545,762
Provisions for liabilities	18		(56,542)		-
Net assets			24,804,811		12,545,762
Capital and reserves					
Called up share capital	22		1,000		1,000
Profit and loss reserves			24,803,811		12,544,762
Total equity			24,804,811		12,545,762

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



30/11/2020

.....
J Stephens
Director

Company Registration No. 06228885

CORONA CORPORATE SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2018		1,000	5,680,915	5,681,915
Year ended 31 March 2019:				
Profit and total comprehensive income for the year		-	4,736,456	4,736,456
Credit to equity for equity settled share-based payments	21	-	2,127,391	2,127,391
Balance at 31 March 2019		1,000	12,544,762	12,545,762
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	13,627,049	13,627,049
Credit to equity for equity settled share-based payments	21	-	(1,368,000)	(1,368,000)
Balance at 31 March 2020		1,000	24,803,811	24,804,811

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Corona Corporate Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1-2 Castle Lane, London, SW1E 6DR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Transactions with related parties which are wholly owned subsidiaries of the company's parent have not been disclosed as permitted by section 33 of FRS102.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Corona Corporate Solutions Limited is a wholly owned subsidiary of Harrow Topco Limited and the results of Corona Corporate Solutions Limited are included in the consolidated financial statements of Harrow Topco Limited which are available from 1-2 Castle Lane London SW1E 6DR.

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.2 Going concern

The company is a member of the Harrow Topco Limited group ('the group'). The group meets its day-to-day working capital requirements through its own cash balances and committed banking/funding facilities. In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the directors have reviewed the group's budgets and projected cash flow statements for the period through to March 2022 and in doing so considered reasonable, possible changes over the forecast period. The review considered the forecast operating cash flows generated, cashflow implications of the group's strategic plans and the forecast impact of the Covid-19 pandemic on the business.

A sensitivity analysis has been performed and currently the revised forecasts are showing a positive cash balance of £11.5m at the end of March 2022. Management consider that these sensitised forecasts have been conservatively prepared and have modelled a 13% reduction from the current levels of trading. Stress testing the assumptions and decreasing forecasted revenue by 20%, the group is expected to remain in a strong cash position with a cash balance of £8.0m at March 2022. The directors do not consider this downside to be a plausible scenario, as group revenue is recovering strongly since late summer and the directors take confidence from news of a vaccine which should help provide more confidence in the broader economy. The group negotiated an amendment to its banking covenants to reflect the challenges presented by the pandemic and it anticipates comfortably meeting these new measures for the duration of the going concern review period.

The directors reacted swiftly to the challenges presented by the pandemic and put in place initiatives to enable cash generation as well as streamline costs and processes including (but not limited to):

- Adding resources dedicated to billing and collection activity, as well as the streamlining of some processes
- Negotiating improved supplier payment terms where possible without jeopardising these important relationships
- Reducing staff numbers overall, whilst also making key appointments to strengthen capability in core areas
- Further realising post-integration cost reduction opportunities

The directors are confident that based on their current forecast view, the group has adequate resources to meet all going concern requirements, and do not consider that a material uncertainty exists over the group's ability to continue as a going concern. The directors therefore continue to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The company has three main revenue streams, being equipment sales of multi-functional devices and telephone systems, services and maintenance of equipment sold and telephone network services, including the provision of line rental and telephone calls.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is three years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% on cost
Computers	33% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.15 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using a Monte Carlo model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Application of section 26 of FRS 102-share-based payment

Certain features of equity issued by the company's parent undertaking, Harrow Topco Limited, to members of the company's staff bring those instruments within the scope of the share-based payment provisions of FRS 102, and accordingly a share-based payment charge has been recognised in the financial statements. Disclosure is given in the notes to the financial statements. Judgement is also required in selecting the model to be applied in measuring the charge.

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Recoverability of debtors

In estimating debtors' recoverability, the directors have considered the nature of objective evidence concerning loss events for individually significant items. Debtors that are not individually significant are grouped on the basis of similar credit risks.

Revenue recognition

In estimating accrued and deferred income the directors have regard to the nature of the services provided and the terms of agreement with customers.

Vesting period of share-based payment arrangements

Charges recognised for share-based payment arrangements depend on estimates made of the vesting period for such arrangements

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Equipment sales	24,010,928	16,698,643
Maintenance & service	25,626,225	10,353,250
Telephone network services	1,988,826	721,051
Telephone network sales	770,943	856,126
Professional sales	149,417	-
Professional services	172,340	-
	<u>52,718,679</u>	<u>28,629,070</u>

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Exceptional costs

	2020	2019
	£	£
Discontinued property	192,673	3,667
Human resources	26,596	48,750
Mergers and acquisitions	168,419	104,429
Legal fees	168,866	41,831
One-off bonus	-	51,210
Dilapidations	-	6,620
IT costs	20,940	24,924
Other professional fees	231,717	13,750
Recharge to fellow subsidiary	(120,000)	-
Recruitment	152,050	-
Restructuring costs	303,563	-
	<u>1,144,824</u>	<u>295,181</u>

5 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	227,939	47,372
Profit on disposal of tangible fixed assets	(25,387)	(600)
Amortisation of intangible assets	232,686	232,687
Share-based payments	(1,368,000)	2,127,391
Operating lease charges	396,800	466,651
	<u></u>	<u></u>

6 Auditor's remuneration

	2020	2019
	£	£
<i>Fees payable to the company's auditor and associates:</i>		
For audit services		
Audit of the financial statements of the company	145,000	142,555
	<u></u>	<u></u>
For other services		
Taxation compliance services	79,729	23,000
Other taxation services	61,309	-
Services relating to corporate finance transactions	503,234	-
All other non-audit services	-	51,500
	<u>644,272</u>	<u>74,500</u>

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Sales	49	22
Service	144	66
Administration	35	21
	<u>228</u>	<u>109</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	9,295,396	6,448,270
Social security costs	925,870	459,144
Pension costs	216,440	67,572
	<u>10,437,706</u>	<u>6,974,986</u>

8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	1,109,199	565,237
Company pension contributions to defined contribution schemes	16,175	1,633
	<u>1,125,374</u>	<u>566,870</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	402,646	330,127
Company pension contributions to defined contribution schemes	4,048	806
	<u></u>	<u></u>

9 Interest payable and similar expenses

	2020 £	2019 £
Other interest on financial liabilities	-	10,655
	<u></u>	<u></u>

CORONA CORPORATE SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****10 Taxation**

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	249,086	430,573
Adjustments in respect of prior periods	(112,690)	116,322
Total current tax	<u>136,396</u>	<u>546,895</u>
Deferred tax		
Origination and reversal of timing differences	10,735	4,021
Adjustment in respect of prior periods	80,925	(39,139)
Total deferred tax	<u>91,660</u>	<u>(35,118)</u>
Total tax charge	<u>228,056</u>	<u>511,777</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	<u>13,855,105</u>	<u>5,248,233</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	2,632,470	997,164
Tax effect of expenses that are not deductible in determining taxable profit	122,799	447,776
Tax effect of income not taxable in determining taxable profit	-	(114)
Effect of change in corporation tax rate	5,389	2,124
Group relief	(2,256,428)	(1,012,356)
Depreciation on assets not qualifying for tax allowances	15,511	-
Share based payment charge	(259,920)	-
Under/(over) provided in prior years	(112,690)	116,322
Deferred tax adjustments in respect of prior years	80,925	(39,139)
Taxation charge for the year	<u>228,056</u>	<u>511,777</u>

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 April 2019 and 31 March 2020	1,217,501
Amortisation and impairment	
At 1 April 2019	984,815
Amortisation charged for the year	232,686
At 31 March 2020	1,217,501
Carrying amount	
At 31 March 2020	-
At 31 March 2019	232,686

12 Tangible fixed assets

	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2019	363,570	181,958	-	545,528
Additions	162,430	265,017	-	427,447
Transfers	871,045	204,360	209,746	1,285,151
At 31 March 2020	1,397,045	651,335	209,746	2,258,126
Depreciation and impairment				
At 1 April 2019	34,037	51,647	-	85,684
Depreciation charged in the year	106,325	108,887	12,727	227,939
Transfers	647,118	146,475	149,806	943,399
At 31 March 2020	787,480	307,009	162,533	1,257,022
Carrying amount				
At 31 March 2020	609,565	344,326	47,213	1,001,104
At 31 March 2019	329,533	130,311	-	459,844

13 Fixed asset investments

	Notes	2020	2019
		£	£
Investments in subsidiaries	14	2,761,348	2,761,348

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2019 & 31 March 2020	2,761,348
Carrying amount	
At 31 March 2020	2,761,348
At 31 March 2019	2,761,348

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Corporate Information & Communication Technology Limited	1	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 1-2 Castle Lane London SW1E 6DR

15 Stocks

	2020 £	2019 £
Finished goods and goods for resale	1,969,057	1,056,468

16 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	7,500,883	3,586,985
Corporation tax recoverable	156,262	16,863
Amounts owed by group undertakings	22,660,110	14,411,496
Other debtors	267,898	329,490
Prepayments and accrued income	2,410,957	1,311,484
	32,996,110	19,656,318
Deferred tax asset (note 19)	-	35,118
	32,996,110	19,691,436

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

17 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Trade creditors		3,546,574	2,876,927
Amounts owed to group undertakings		8,209,371	8,589,004
Other taxation and social security		2,801,688	1,307,531
Deferred income		2,065,034	-
Other creditors		37,467	24,983
Accruals		2,447,142	1,500,640
		<u>19,107,276</u>	<u>14,299,085</u>

Deferred income relates to network services and maintenance.

18 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	19	<u>56,542</u>	<u>-</u>

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Balances:				
Fixed asset timing differences	56,542	-	-	24,992
Short term timing differences	-	-	-	10,126
	<u>56,542</u>	<u>-</u>	<u>-</u>	<u>35,118</u>

	2020 £
Movements in the year:	
Asset at 1 April 2019	(35,118)
Charge to profit or loss	86,271
Effect of change in tax rate - profit or loss	5,389
Liability at 31 March 2020	<u>56,542</u>

The deferred tax asset set out above is expected to reverse within [12 months] and relates to the utilisation of tax losses against future expected profits of the same period.

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	216,440	67,572

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share-based payment transactions

Equity instruments other than share options

In 2019, the company's ultimate parent issued 3,637 A ordinary shares, 195,015 B ordinary shares, 50,000 C ordinary shares and 1 D ordinary share to employees. The terms of issue of these shares brings them within the scope of section 26 of FRS102. The weighted average fair value of those instruments at the measurement date, being the date of issue, was as follows:

	£
A and B shares	12.60
C shares	12.54
D shares	639,689

Fair value was estimated using a Monte Carlo simulation model. This model was deemed appropriate due to the manner in which shareholders' respective entitlement to rights are determined by its articles of association.

The total credit recognised in the year was £1,368,000 (period ended 31 March 2019 expense - £2,127,391). An equivalent debit is recognised in reserves. The credit in the year arose from a revision to the estimating vesting period of the share based award.

22 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

23 Financial commitments, guarantees and contingent liabilities

The company has guaranteed the bank borrowings of a parent undertaking. The liability under these borrowings at 31 March 2020 was £117 million. A charge over the company's assets has been created in respect of these borrowings.

CORONA CORPORATE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	460,326	393,784
Between two and five years	1,030,607	1,215,503
	<u>1,490,933</u>	<u>1,609,287</u>

25 Directors' transactions

A loan of £161,387 to Mr J and Mrs K Stephens existed at 1 April 2019. £73,539 was repaid during the year. The balance outstanding at 31 March 2020 was £87,848. No interest was charged on the loan.

Dividends totalling £0 (2019 - £0) were paid in the year in respect of shares held by the company's directors.

26 Ultimate controlling party

The Company is a subsidiary undertaking of Harrow Topco Limited, whose registered office is 1-2 Castle Lane London SW1E 6DR. This is the smallest and largest group for which consolidated accounts are prepared which include the results of the company. Consolidated accounts are available from 1-2 Castle Lane London SW1E 6DR.

The Company's ultimate parent undertaking is H.I.G. Europe Capital Partners II, LP, an entity incorporated in the Cayman Islands.