Company Registration No. 06228885 (England and Wales)

AURORA MANAGED SERVICES LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

AURORA MANAGED SERVICES LTD

COMPANY INFORMATION

Directors	D M Pickering	
	A J Moffitt	(Appointed 20 November 2020)
	M Oxley	(Appointed 9 November 2021)
Company number	06228885	
Registered office	1-2 Castle Lane London SW1E 6DR	
Auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG	

AURORA MANAGED SERVICES LTD

CONTENTS

The directors present the strategic report for the year ended 31 March 2021.

The company is the main trading company in the group. This strategic report refers to the activities of the group which include this company's activities. However, the financial statements presented in this annual report are those of the company and not the group.

In a challenging and unprecedented year, the group shifted its focus from acquisitive growth to that of improving operational efficiencies as well as developing customer care and retention strategies. In correlation with dampened servicing demands due to nationwide restrictions, the group restructured its personnel whilst simultaneously strengthening teams in critical areas (cash collection, customer retention). The group also continued its investment in rolling out a new ERP platform.

Since the year end, the group has restarted its acquisition activity and in May 2021, acquired the Print Solutions customer book of Maintel Holdings Plc, extending the group's geographical reach into the North of England and increasing the group's MIF (Machines in Field) and customer base. The group continues to assess suitable acquisition opportunities despite the challenging macro-economic climate.

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 for the year was £25,318,089 (2020 £31,691,571). The company generated a profit before tax and dividends of £10,269,696 (2020 £13,855,105).

These numbers clearly reflect a material and adverse impact of Covid-19 but the business is seeing a marked improvement in the current financial year as the economy recovers and customers return to the workplace and resume use of the devices.

James Stephens stepped down as CEO in April 2021 and the group welcomed Andy Moffitt as his successor, having previously served as the group's Chief Operating Officer. Andy brings a wealth of experience in Service Management and is demonstrating this with his strategy on improving customer care, service delivery and broadening the services on offer to customers.

Covid-19 continues to present significant challenges to the group with like for like trading remaining below normal levels; the return has been slower than anticipated from a servicing perspective, although encouragingly equipment sales have remained resilient. However, the group's supply chain has been impacted by the global shortages in microchips and despite strong sales, revenue recognition has been impacted in the second quarter of financial year 2022.

The directors continue to maintain effective and strong relationships with key suppliers whilst internally, continue to place particular focus on cash generation and liquidity enabling measures. The directors are confident that the company has adequate resources to continue operating normally for the foreseeable future and meet all going concern requirements.

Principal Risks and Uncertainties
The principal risks and uncertainties facing the group continue to be posed by Covid-19; these are an unexpected decrease in turnover or continued disruption in the supply chain. The group's board minimises risk through continuous monitoring and maintaining strong relationships with key customers and suppliers.

Key Performance Indicators
For comparative purposes, the table below illustrates the performance of company in the year ended 31 March 2021 versus financial year 2020. The fall in EBITDA reflects the 12-month impact of Covid-19.

Whilst the directors review and measure all aspects of the business, including 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.

	2021	2020	Change
	£'000	£'000	£'000
Turnover	42,792	52,719	(9,927)
Gross Profit	25,318	31,692	(6,373)
Gross Profit Margin	59%	60%	1%
EBITDA before exceptional costs	11,558	15,435	(3,877)
EBITDA as % of Turnover	27%	29%	2%

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

Future Developments
To achieve its strategic goals, the group continues both to assess suitable acquisition opportunities and improve operational efficiencies.

Section 172 statement
Section 172 of the Companies Act 2006 requires the directors of a company to act in a way they consider, in good faith, would be most likely to promote the success of the company and its group for the benefit of its shareholders as a whole and, in doing so, have regard (among other matters) to:
a) the likely consequences of any decisions in the long term;
b) the interests of the group's employees;
c) the need to foster the group's business relationships with suppliers, customers and others;
d) the impact of the group's operations on the community and environment;
e) the desirability of the group maintaining a reputation for high standards of business conduct;
f) the need to act fairly as between shareholders of the company
Further details of how the directors have fulfilled their duties are set out below.

Risk management
The directors have deployed several initiatives across the group to effectively manage risks posed to the business.

A customer care team has been created to focus on maintaining the group's brand with a remit of improving retention and reducing machine and customer attrition. The group has diversified its product offering with a newly created ICT division and Office Supplies platform. The directors have recognised the importance of a localised service offering to their customers; the group will, therefore, aim to retain the majority of the sales teams in acquired businesses.

AURORA MANAGED SERVICES LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Business relationships
The group's mission is to add value to businesses through providing innovative products and exceptional levels of service to meet our customers' requirements. The group understands the value of maintaining and developing relationships with its customers and suppliers, as it is these relationships that underpin its current and future growth. Through these actions, the group's relationships go from strength to strength as demonstrated by the group's involvement with the same suppliers and customers for many years.

Community and the environment
The group has completed its first ESG impact report and has started its sustainability journey and the directors are excited to see it grow and move forward over the next reporting year and beyond. Environmentally, the group is assessing its practices, supply chain, services, and carbon emissions. The Group is partnered with innovative companies who are minimising their impact to the environment whilst also increasing its range of recycled products and recycling across the life cycle of its machines.

The group is committed to moving forward in the ESG space and will continue to push for improvements, having completed our first ESG report now provides targets that we can hold ourselves accountable to.

Employees
The company and its group are committed to being responsible employers and strive to create a working environment where their employees are actively engaged and part of their success. The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

Shareholders
The company's ultimate shareholder has representation on the board to ensure the company's strategy and objectives are in line with its needs and expectations, and those needs and expectations are regularly communicated to the board.

On behalf of the board

Martin Oxley
....
M Oxley
Director

31/3/2022
Date: ....

AURORA MANAGED SERVICES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

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.

On 7th March 2022 the company changed its name from Corona Corporate Solutions Limited to Aurora Managed Services Ltd.

Results and dividends
The results for the year are set out on page 13.

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

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	(Resigned 1 October 2021)
D M Pickering	
J Stephens	(Resigned 16 April 2021)
G D Orr	(Resigned 26 August 2020)
A J Moffitt	(Appointed 20 November 2020)
M Oxley	(Appointed 9 November 2021)

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 a number of factors, including information provided to them in relation to the group's trading results, its available resources, the ability of the group to continue to operate within its financial covenants and the group's latest forecasts and projections, comprising:

- A base case forecast for the twelve months to 31 March 2023 which has been prepared on a bottom-up basis with realistic assumptions regarding new contract wins, post COVID print volumes and likely margin evolution;

- Sensitised scenarios reflecting reasonably possible variations in performance including:
  - the continuing impact of the COVID-19 pandemic and its potential implications to the broader global economic climate and our ability to win new work and deliver existing contracts and;
  - continued disruption to the global supply chain, including but not limited to, the availability of toner and microchips which will likely cause delays in delivering and completing existing contracts

Although the group's base case forecasts show low cash headroom at certain points in the forecast period, the directors are comfortable the business can manage liquidity to absorb these risks. In addition, there are a number of upside opportunities that have not been factored in, including greater than forecast success in securing new work and improved post Covid trading.

The group's loan agreements are subject to covenant clauses, whereby the group is required to meet certain key financial ratios. Lenders have supported the business by waiving the Leverage Ratio test for successive quarters to September 2021, December 2021 and March 2022. Based on our latest base case forecasts the group will breach the Leverage Ratio test for the remaining test periods through to 31 March 2023 and accordingly the group will need the continued support of our funders and investors. As such, we note our principal investor has granted a conditional letter of support to the company. Positive conversations are underway with our funders and investors, regarding a re-structuring of the debt and related covenant package and Management are confident this will be achieved in the near term. Until such time however, there remains material uncertainty which may cast significant doubt on the group's and the company's ability to continue as a going concern.

The directors have satisfied themselves that the group and company will continue operating, with continued support from funders and investors up to the point that facilities are satisfactorily restructured, and with more certainty about post Covid-19 trading. For these reasons, the group and company continues to adopt the going-concern basis in preparing its financial statements.

Financial instruments

Capital management policies

In managing its capital, the group's primary objective is to maintain a sufficient funding base to enable the group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues or debt, the group considers not only its short-term position but also its long-term operational and strategic objectives.

Liquidity risk

Liquidity risk arises from the group management of working capital. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. Refer to Note 1.2 of the financial statements for details of going concern considerations.

The group policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

Interest rate risk

The group borrows at variable rates of interest. It is therefore exposed to increases in interest rates. The group reviews market forecasts of future interest rates on a regularly basis and would consider the use of hedging instruments to mitigate such risk where appropriate. No hedging arrangements were in force at the balance sheet date.

Foreign currency risk

The group trades exclusively in the UK and all financing is denominated in sterling. The group therefore is not exposed to currency risk.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or a counter party to a financial instrument fails to meet its contractual obligations. The group is principally exposed to credit risk on cash and cash equivalents with banks and financial institutions, and trade receivables. For banks and financial institutions, only independently rated parties with an acceptable rating are utilised.

Credit risk in connection with trade receivables is managed by the use of credit control procedures, such as the maintenance of a credit control department, use of credit references and stop limits.

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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of disclosure concerning employment etc of disabled persons and engagement with employees, suppliers, customers and others and future developments of the business.

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

Martin Oxley
....
M Oxley
Director

Date: 31/3/2022

AURORA MANAGED SERVICES LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' has 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.

AURORA MANAGED SERVICES LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF AURORA MANAGED SERVICES LTD

Opinion

We have audited the financial statements of Aurora Managed Services Ltd (the 'company') for the year ended 31 March 2021, 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 2021 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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company, by virtue of it being a member of a group, will be in breach of financial covenants throughout the going concern period and as such the company is reliant on the continued support of its lenders and investors up to the point that facilities are satisfactorily restructured. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities

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

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

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.

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 is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006, the relevant tax legislation in the jurisdictions in which the Company operates and relevant regulation applicable to the Financial Conduct Authority authorisation status held by the Company;
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management and those charged with governance, including the Company's financial conduct authority officer. We corroborated our enquiries though our review of board minutes and other relevant correspondence received from legal advisors and regulatory bodies;
- We also enquired of management and those charged with governance concerning the Company's policies and procedures relating to the identification, evaluation, detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud. We enquired as to whether they had any knowledge of actual, suspected or alleged fraud;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to the estimation and judgemental areas of revenue recognition which we determined to be amounts that were unbilled at the year end, and revenue relating to usage true-up; the valuation of accrued income; the valuation of investments in subsidiaries; and through management override of controls;

- Audit procedures performed by the audit team included:
  - identifying and assessing the design and implementation of controls management utilises to prevent and detect fraud;
  - challenging key assumptions used and judgements made by management in relation to significant accounting estimates, including through the judgemental areas of revenue recognition which we determined to be amounts that were unbilled at the year end, and revenue relating to usage true-up; the valuation of accrued income and; the valuation of investments in subsidiaries;
  - using data interrogation software to identify and test large or unusual journal entries which may carry a higher risk of fraud;
  - assessing the extent of compliance with the relevant laws and regulations as part of our audit procedures on the related financial statement item; and
  - performing audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates;
  - understanding of relevant legal and regulatory frameworks including 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), the Companies Act 2006, and the relevant tax legislation in the jurisdictions in which the Company operates, and the application of the legal and regulatory requirements of these to the Company.

- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud including through the judgemental areas of revenue recognition which we determined to be amounts that were unbilled at the year end, and revenue relating to usage true-up; the valuation of accrued income; the valuation of investments in subsidiaries; and through management override of controls in the preparation of the financial statements.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the rules and interpretative guidance issued by the Financial Conduct Authority
  - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

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.

Grant Thornton UK LLP

Stephen Osborne (Senior Statutory Auditor)
For and on behalf of Grant Thornton UK LLP

Date: 31/3/2022

Chartered Accountants
Statutory Auditor

30 Finsbury Square
London
EC2A 1AG

AURORA MANAGED SERVICES LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	42,791,502	52,718,679
Cost of sales		(17,473,413)	(21,027,108)
Gross profit		25,318,089	31,691,571
Distribution costs		(347,432)	(621,978)
Administrative expenses		(13,840,406)	(16,069,664)
Other operating income	3	1,422,558	-
Exceptional item	4	(2,274,609)	(1,144,824)
Operating profit	5	10,278,200	13,855,105
Interest payable and similar expenses	9	(8,504)	-
Profit before taxation		10,269,696	13,855,105
Tax on profit	10	41,164	(228,056)
Profit for the financial year		10,310,860	13,627,049

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

AURORA MANAGED SERVICES LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Profit for the year	10,310,860	13,627,049
Other comprehensive income	-	-
Total comprehensive income for the year	10,310,860	13,627,049

AURORA MANAGED SERVICES LTD

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	**11**		479,248		-
Tangible assets	**12**		672,440		1,001,104
Investments	**13**		2,761,348		2,761,348
			3,913,036		3,762,452
Current assets					
Stocks	**15**	1,083,141		1,969,057	
Debtors	**16**	39,332,612		32,996,110	
Cash at bank and in hand		8,686,414		5,241,010	
		49,102,167		40,206,177	
Creditors: amounts falling due within one year	**17**	(18,150,814)		(19,107,276)	
Net current assets			30,951,353		21,098,901
Total assets less current liabilities			34,864,389		24,861,353
Provisions for liabilities			(101,074)		(56,542)
Net assets			34,763,315		24,804,811
Capital and reserves					
Called up share capital	**21**		1,000		1,000
Profit and loss reserves			34,762,315		24,803,811
Total equity			34,763,315		24,804,811

The financial statements were approved by the board of directors and authorised for issue on 31/3/2022 and are signed on its behalf by:

Martin Oxley

M Oxley
Director

Company Registration No. 06228885

AURORA MANAGED SERVICES LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 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	**20**	-	(1,368,000)	(1,368,000)
Balance at 31 March 2020		1,000	24,803,811	24,804,811
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	10,310,860	10,310,860
Credit to equity for equity settled share-based payments	**20**	-	(352,356)	(352,356)
Balance at 31 March 2021		1,000	34,762,315	34,763,315

1 Accounting policies

Company information

Aurora Managed Services Ltd 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.

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

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 a number of factors, including information provided to them in relation to the group's trading results, its available resources, the ability of the group to continue to operate within its financial covenants and the group's latest forecasts and projections, comprising:

- A base case forecast for the twelve months to 31 March 2023 which has been prepared on a bottom-up basis with realistic assumptions regarding new contract wins, post COVID print volumes and likely margin evolution;

- Sensitised scenarios reflecting reasonably possible variations in performance including:
  - the continuing impact of the COVID-19 pandemic and its potential implications to the broader global economic climate and our ability to win new work and deliver existing contracts and;
  - continued disruption to the global supply chain, including but not limited to, the availability of toner and microchips which will likely cause delays in delivering and completing existing contracts

Although the group's base case forecasts show low cash headroom at certain points in the forecast period, the directors are comfortable the business can manage liquidity to absorb these risks. In addition, there are a number of upside opportunities that have not been factored in, including greater than forecast success in securing new work and improved post Covid trading.

The group's loan agreements are subject to covenant clauses, whereby the group is required to meet certain key financial ratios. Lenders have supported the business by waiving the Leverage Ratio test for successive quarters to September 2021, December 2021 and March 2022. Based on our latest base case forecasts the group will breach the Leverage Ratio test for the remaining test periods through to 31 March 2023 and accordingly the group will need the continued support of our funders and investors. As such, we note our principal investor has granted a conditional letter of support to the company. Positive conversations are underway with our funders and investors, regarding a re-structuring of the debt and related covenant package and Management are confident this will be achieved in the near term. Until such time however, there remains material uncertainty which may cast significant doubt on the group's and the company's ability to continue as a going concern.

The directors have satisfied themselves that the group and company will continue operating, with continued support from funders and investors up to the point that facilities are satisfactorily restructured, and with more certainty about post Covid-19 trading. For these reasons, the group and company continues to adopt the going-concern basis in preparing its financial statements.

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.

1 Accounting policies **(Continued)**

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.

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 ten 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 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	20% on cost once brought into use

1.6 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.

1.7 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.

1 Accounting policies **(Continued)**

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.

1.8 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.

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.

1.9 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 cost and replacement 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.

1.10 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 Accounting policies **(Continued)**

1.11 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.

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.

1 Accounting policies **(Continued)**

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.

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

1.12 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.

1.13 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.

1 Accounting policies **(Continued)**

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.

1.14 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.

The 2020 analysis of employee costs between wages and salaries and employers national insurance was misstated and consequently has been restated. There is no change to the total wages and salaries cost previously reported.

1.15 Retirement benefits

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

1.16 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.

1.17 Leases

1 Accounting policies **(Continued)**

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.

The charge reported in 2020 omitted vehicle leasing charges and comparatives have consequently been restated.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

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.

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

	2021	2020
	£	£
Turnover analysed by class of business		
Equipment sales	20,853,498	24,010,928
Maintenance & service	18,887,184	25,626,225
Telephone network services	1,841,633	1,988,826
Telephone network sales	655,351	770,943
Professional sales	398,717	149,417
Professional services	155,119	172,340
	42,791,502	52,718,679

	2021	2020
	£	£
Other significant revenue		
Grants received	1,422,558	-

4 Exceptional costs

	2021	2020
	£	£
Mergers and acquisitions	21,337	168,419
Furlough	1,851,841	-
Property-related costs	89,259	192,673
ERP systems	154,558	-
Legal and professional	(39,078)	400,583
Other	108,844	79,586
Write off of director's loan	87,848	-
Restructuring costs	-	303,563
	2,274,609	1,144,824

5 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
		As restated
Government grants	(1,422,558)	-
Depreciation of owned tangible fixed assets	390,207	227,939
Loss/(profit) on disposal of tangible fixed assets	37,310	(25,387)
Amortisation of intangible assets	-	232,686
Share-based payments	(352,356)	(1,368,000)
Operating lease charges	769,194	622,603

6 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	145,000	145,000
For other services		
Taxation compliance services	63,000	79,729
Other taxation services	14,000	61,309
Services relating to corporate finance transactions	56,000	503,234
	133,000	644,272

The company bore the cost of the audit for all of the entities in the Harrow Topco Limited Group.

7 Employees

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

	2021 Number	2020 Number
Sales	58	49
Service	131	144
Administration	28	35
	217	228

Their aggregate remuneration comprised:

	2021 £	2020 £ As restated
Wages and salaries	7,942,814	8,933,859
Social security costs	1,121,894	1,287,407
Pension costs	420,766	216,440
	9,485,474	10,437,706

8 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	1,404,084	1,109,199
Company pension contributions to defined contribution schemes	75,828	16,175
	1,479,912	1,125,374

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

	2021 £	2020 £
Remuneration for qualifying services	440,618	402,646
Company pension contributions to defined contribution schemes	15,063	4,048

9 Interest payable and similar expenses

	2021 £	2020 £
Other interest on financial liabilities	8,504	-

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	-	249,086
Adjustments in respect of prior periods	(85,696)	(112,690)
Total current tax	(85,696)	136,396
Deferred tax		
Origination and reversal of timing differences	63,708	10,735
Adjustment in respect of prior periods	(19,176)	80,925
Total deferred tax	44,532	91,660
Total tax (credit)/charge	(41,164)	228,056

The actual (credit)/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:

	2021	2020
	£	£
Profit before taxation	10,269,696	13,855,105
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,951,242	2,632,470
Tax effect of expenses that are not deductible in determining taxable profit	27,308	122,799
Effect of change in corporation tax rate	-	5,389
Group relief	(1,857,794)	(2,256,428)
Depreciation on assets not qualifying for tax allowances	9,900	15,511
Share based payment charge	(66,948)	(259,920)
Adjustments in respect of prior periods	(85,696)	(112,690)
Deferred tax adjustments in respect of prior years	(19,176)	80,925
Taxation (credit)/charge for the year	(41,164)	228,056

11 Intangible fixed assets

	Goodwill	Software	Total
	£	£	£
Cost			
At 1 April 2020	1,217,501	-	1,217,501
Additions - internally developed	-	479,248	479,248
Elimination of wholly amortised goodwill	(1,217,501)	-	(1,217,501)
At 31 March 2021	-	479,248	479,248
Amortisation and impairment			
At 1 April 2020	1,217,501	-	1,217,501
Elimination of wholly amortised goodwill	(1,217,501)	-	(1,217,501)
At 31 March 2021	-	-	-
Carrying amount			
At 31 March 2021	-	479,248	479,248
At 31 March 2020	-	-	-

12 Tangible fixed assets

	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2020	1,397,045	651,335	209,746	2,258,126
Additions	70,581	52,405	-	122,986
Disposals	(641,158)	(164,378)	(161,252)	(966,788)
Reclassification	(47,231)	15,951	31,280	-
At 31 March 2021	779,237	555,313	79,774	1,414,324
Depreciation and impairment				
At 1 April 2020	787,480	307,009	162,533	1,257,022
Depreciation charged in the year	191,662	177,567	20,978	390,207
Eliminated in respect of disposals	(619,357)	(164,378)	(121,610)	(905,345)
Reclassification	(18,226)	6,825	11,401	-
At 31 March 2021	341,559	327,023	73,302	741,884
Carrying amount				
At 31 March 2021	437,678	228,290	6,472	672,440
At 31 March 2020	609,565	344,326	47,213	1,001,104

13 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	14	2,761,348	2,761,348

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 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

	2021 £	2020 £
Finished goods and goods for resale	1,083,141	1,969,057

16 Debtors

Amounts falling due within one year:	2021 £	2020 £
Trade debtors	3,460,294	7,500,883
Corporation tax recoverable	241,957	156,262
Amounts owed by group undertakings	34,088,318	22,660,110
Other debtors	28,504	267,898
Prepayments and accrued income	1,513,539	2,410,957
	39,332,612	32,996,110

17 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Trade creditors		2,963,432	3,546,574
Amounts owed to group undertakings		8,075,094	8,209,371
Other taxation and social security		2,950,932	2,801,688
Deferred income		1,792,029	2,065,034
Other creditors		361,080	37,467
Accruals		2,008,247	2,447,142
		18,150,814	19,107,276

18 Deferred taxation

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

Balances:	Liabilities 2021 £	Liabilities 2020 £
Fixed asset timing differences	112,918	56,542
Short term timing differences	(11,844)	-
	101,074	56,542

Movements in the year:	2021 £
Liability at 1 April 2020	56,542
Charge to profit or loss	44,532
Liability at 31 March 2021	101,074

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.

19 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	420,766	216,440

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.

20 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 £352,356 (2020- £1,368,000). 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.

21 Share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

22 Financial commitments, guarantees and contingent liabilities

The company has guaranteed the bank borrowings of a parent undertaking. The liability under these borrowings at the year end was £116.5 million. A charge over the company's assets has been created in respect of these borrowings.

23 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:

	2021	2020
	£	£
Within one year	427,605	460,326
Between two and five years	597,339	1,030,607
	1,024,944	1,490,933

24 Directors' transactions

A loan of £87,848 to Mr J and Mrs K Stephens (former directors of the company) existed at 1 April 2020. £87,848 was written off during the year. The balance outstanding at 31 March 2021 was £nil. No interest was charged on the loan.

25 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.