Financial Statements
Getronics Services UK Limited

For the year ended 31 December 2020

Registered number: 07966594

Company Information

Director	R Bronsgeest
Secretary	G Brown
Registered number	07966594 (England and Wales)
Registered office	Level 30, The Leadenhall Building 122 Leadenhall Street London, England EC3V 4AB
Independent auditor	BDO UK LLP 55 Baker Street Marylebone London W1U 7EU
Solicitors	Howes Percival LLP Nene House 4 Rushmills Northampton NN4 7YB
Bankers	Barclays Bank plc. London Corporate Banking 1 Churchill Place London E14 5HP

Getronics Services UK Limited
Registered number:07966594

Contents

Strategic Report

For the Year Ended 31 December 2020

The Director presents the Strategic report, for the year ended 31st December 2020.

Business Review

At the reporting date, Getronics Services UK Limited ("the Company") and it's subsidiary Getronics Cloud Solutions Limited ("the Group") was a wholly owned subsidiary of Getronics Group B.V., a company ultimately controlled by the Kennic Trust, led by Kenton Fine.

Getronics is a global Information Communication Technology ("ICT") integrator, offering high quality end-to-end solutions including managed cloud services, managed services, mobility, security, unified communication, applications and professional services. Our delivery methodology is to leverage our resources globally, (including our Shared Service Centre model) to optimize our clients' infrastructure. Our services enable global coverage, while providing a strong regional focus. We provide services both in the public and private sectors, including healthcare and financial services.

There have not been any significant changes in the Company's principal activities in the year under review. The Director is not aware, at the date of this report, of any likely changes in the Company's activities in the next year.

As shown in the Group's income statement, the Group's revenue for the year has decreased from £50,466k in 2019 to £43,252k in 2020, primarily driven by a reduction in managed services revenues. The Group is reporting a gross profit of £7,944k in 2020 against a gross profit of £9,579k in 2019. The overall gross margin % was also down during 2020 at 18.37% compared to 18.98% in 2019 due to changes in the revenue mix. The loss after taxation in 2020 was £5,314k compared to a loss after taxation in 2019 of £1,054k. The overall results for 2020 worsened compared to the prior year due to reduced revenue and adverse movements in foreign exchange and supressed ad-hoc activity.

The group's net liabilities have increased from £11,004k to £12,924k due to a further increase in short term intra-group funding to support the business. Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in note 23 of the financial statements.

Competition in the UK market remains strong and the management team continue to review the cost base to improve financial performance. During the reporting period, the company continued to invest in several strategic initiatives namely:

- reducing its cost base to improve profitability;
- putting in place processes to drive revenue growth; and
- developing the product and services portfolio.

On a look forward basis and following the recent acquisition of the Getronics Group, a strategic review has been conducted and the Group intends to leverage the improved capital base and liquidity to invest in growth. The Getronics Group has rebranded, repositioned its service portfolio and has initiated its investment strategy and strong revenue growth from 2022 is anticipated as the return on investment begins to be realised. As part of the strategic review the Getronics Services UK Ltd statement of financial position will be recapitalised during 2022 to cure the negative equity position.

Strategic Report (continued)
For the Year Ended 31 December 2020

Business Review (continued)

Key performance indicators used by the Group and the parent company are revenue growth and gross margin.

The other key financial performance indicators used by management during the year were as below:

	2020	2019	Definition, method of calculation and analysis
Services gross profit excluding depreciation and amortisation as percentage of the turnover	20%	22%	Gross profit as percentage of turnover (excluding turnover and gross margin associated with the product resell business) is calculated as gross profit excluding depreciation and amortisation divided by turnover for the year.
Service revenue per full time employee (in thousands)	£98k	£102k	Service revenue per full time employee is calculated as service revenue for the year divided by the number of full-time employees at the end of the accounting year.

Principal Risks and Uncertainties

The management of the business and execution of the Getronics Group's strategy are subject to risks, including things outside of the control of management. The Board reviews risks and appropriate processes are put in place to monitor and mitigate them.

The principal themes of risk for the Group are:
- *Strategic:* changes in economic and market conditions such as contract pricing and competition and other macro-economic influences;
- *Financial:* significant failures in internal systems of control and lack of corporate stability;
- *Operational:* including recruitment and retention of staff, maintenance of reputation, strong supplier and customer relationships, operational IT risk, and failures in information security controls; and
- *Compliance:* non-compliance with laws and regulations. The Group must comply with an extensive range of requirements that govern its business.

To mitigate the effect of these risks and uncertainties, the Group adopts a number of systems and procedures, including:
- A regular review of trading conditions to be able to respond quickly to changes in market conditions; and
- Procedures and controls to manage compliance, financial and operational risks, including adherence to an internal control framework.

Specific business risks affecting the Group and how the Group mitigates them are set out below:

- *Maintenance of market share* – The risk that the Group's market share is diminished. To mitigate this risk, the Company performs continuous work on improving and enhancing customer experience. Senior management regularly meets customers to receive feedback and keeps them updated with the changes in group activities, including the recent group financial restructuring.

- *Withdrawal of financial support* – The Getronics Group operates a centralised treasury function which manages liquidity on a group wide basis. Consequently, the company is reliant on continued group support. To mitigate this risk the Director has obtained a letter of support from Getronics Group BV, confirming that they will continue to provide support for the foreseeable future. The financial performance and position of the group is closely monitored.

Strategic Report (continued)

For the Year Ended 31 December 2020

Principal Risks and Uncertainties (continued)

- *Macro-economic and political environment in the UK* - Continued uncertainty arising from the global pandemic and the UK's decision to leave the EU (Brexit) has impacted the rate of growth of the UK ICT market. The macro-economic and political landscape is closely monitored with necessary adjustments to the corporate strategy being taken, as required. In recent months, the company has relaunched itself with a new brand identity and has refreshed the service portfolio to better reflect market and customer needs. Additionally, a Brexit Steering Committee has been established to identify, assess and mitigate risks pertaining to Brexit. Despite the Brexit transitional agreement ending on 31st December 2020 there remains a lack of clarity on certain arrangements between the EU and the UK and the steering committee will continue to keep these under close review to mitigate any business risks that may arise.

Financial Risk Management Objectives and Policies

The main financial risks faced by the group and the associated policies adopted to mitigate these risks, are explained in more detail as follows:

Credit risk
The Group's credit risk is primarily attributable to its third-party trade receivables. It monitors credit risk closely and considers that the current policy of credit checks, regular engagement with its clients and robust collection procedures meets the objectives of managing exposure in this area.

Liquidity risk
With commitment from the other group companies confirming that they will support the Getronics Group with any further funding requirement to manage working capital, sufficient liquidity is available to meet the identifiable needs of the Group.

Currency risk
As part of the Getronics Group the company receives invoices from other companies in foreign currency, mainly in Euros. Where possible the Company looks to offset balances within the Getronics Group to reduce the level of exposure to currency fluctuation.

Streamlined Energy and Carbon Reporting (SECR)

From 1 January 2020 we are required to report under the Streamlined Energy and Carbon Reporting (SECR) regulations.

Getronics Services UK Ltd. is committed to environmental and energy management, and has attained certification to both:

- ISO 14001 (Environmental Management Systems)
- ISO 50001 (Energy Management Systems)

UK Energy Use for EoY-2020
The EoY-2020 energy use for the UK, based on 4 leased offices (estimated, and based on a previously managed location), 2 managed data centres and staff business fuel consumption (calculated from published data), was:

- Gas: 48 MWh
- Electricity: 5,018 MWh
- Transport: 707 MWh

The sources of data are meter readings for the electricity and gas usage and fuel card data for business journeys.

Strategic Report (continued)

For the Year Ended 31 December 2020

Streamlined Energy and Carbon Reporting (SECR) (continued)

Total Greenhouse Gas Emissions for EoY-2020

The total emissions for Electricity, Gas, Refrigerant Gas, Car Fuel, Air Travel, and Waste was 2,010 tonne CO2.

Carbon Emissions Intensity Ratio

As Getronics is a service organisation that provides IT hosting services within its data centres, cloud computing services, managed service desk services, as well as IT and field technical support services, it does not provide manufactured products. Getronics has therefore based its Emissions Intensity Ratio values on Sales Revenue and Full Time Equivalent staff for the UK:

- Tonnes CO2 per Total £1m Sales Revenue was 46.74.
- Tonnes CO2 per Full Time Equivalent was 3.7.

Strategy and Future Outlook

The Group's strategy is aligned to that of the Getronics Group. Following the recent acquisition which has led to improved balance sheet strength and significantly enhanced liquidity position, the Group is poised and has the resources available to invest in growth.

2021 is seen as a critical period to target volume and margin growth in the coming years. To achieve this, the Board has identified three key investment areas:

- sales resource capacity and capability
- strategic investments (for example, in cloud infrastructure)
- enhancing the operating and technical capabilities of the CTO organisation.

While these should significantly boost performance in 2022 and 2023, they do give rise to further costs in the coming year. Consequently, there will remain a strong focus on maintaining the cost savings already achieved through additional cost optimisation initiatives.

Statement of Compliance with Section 172 of the Companies Act 2006

Recent legislation requires that the director includes a separate statement in the annual report that explains how he has had regard to wider stakeholder needs when performing his duty under section 172(1) of the Companies Act 2006. The duty requires that a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefits of its members, and in doing so have regard (amongst other matters) to:

- likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers, and others,
- the impact of the company's business relationship with suppliers, customers, and others,
- the impact of company's operations on the community and the environment,
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

Strategic Report (continued)

For the Year Ended 31 December 2020

Statement of Compliance with Section 172 of the Companies Act 2006 (continued)

The board considers that all their decisions are taken with the long-term in mind, understanding that these decisions need to regard the interests of the company' employees, its relationships with suppliers, customers, the communities and the environment it operates.
For the purpose of this statement description of the decisions taken are limited to those of strategic importance. The Board believes that several decisions taken fall into this category and were made with full consideration of both internal and external stakeholders. The Board believes that several decisions taken fall into this category and were made with full consideration of both internal and external stakeholders.

a) In January 2020 two non-executive Directors were appointed to the Board to improve governance. Following the acquisition of the Getronics Group in July 2020, the non-executive directors were replaced by a new Group Director who also sits on the Getronics Group Board.

b) The sale of Getronics Group B.V and it's subsidiaries to Getronics Group Holdings Limited a company ultimately controlled by the Kennic Trust. The transaction significantly deleveraged the Getronics Group balance sheet resulting in a more sustainable capital base, materially improving the financial position of the Getronics Group.

c) Creation of a UK CFO role to enhance governance, compliance, and strategic support to the UK business.

d) Implementation of a new procure to pay process during 2020 to improve the processing and settlement of supplier invoices, internal controls to mitigate risk and enhancing overall vendor engagement.

e) Continuous improvement in internal control and risk management policies, such as the approval of a new procurement policy and delegation of authority, improving cost and contracting discipline.

f) Launch of the new Getronics brand and portfolios repositioning Getronics in the global IT marketplace.

g) Introduction of new corporate values and employee engagement programme GetVibes.

ON BEHALF OF THE BOARD:

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Director: R Bronsgeest
Date: 6th May 2022

Directors' Report

For the Year Ended 31 December 2020

Principal Activities

The principal activity of the group in the year under review was that of the provision of ICT Services and its portfolio comprised of the following service categories:

Workspace Management
Technology Transformation
Communications
Security
Applications
Managed Cloud Services

Since the reporting date the company has re-launched its portfolios to better align with market and customer needs.

Dividends

No dividends will be distributed for the year ended 31st December 2020 (year ended 2019: £nil).

Directors

The directors who have held office during the period from 1st January 2020 to the date of signing this report are as follows:

N Baffour-Gyewu (appointed on 7th July 2017)[1]
F Asante-Kissi (appointed on 7th July 2017)[2]
S Humphreys (appointed on 24 January 2020) [3]
B Taylor (appointed on 24 January 2020) [4]
R Bronsgeest (appointed on 2 October 2020)

Notes
1 Resigned on 24 January 2020.
2 Resigned on 24 January 2020.
3 Resigned on 2 October 2020
4 Resigned on 2 October 2020

The company had third party indemnity provision for the benefit of the directors in force during the period of these accounts and up to the date of the signing of the report.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Directors' Report
For the Year Ended 31 December 2020

Employees (continued)

Consultation with employees or their representatives is provided at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communications with all employees continues through 'all hands' corporate broadcasts, employee engagement surveys, internal announcements, website articles and briefing groups and the distribution of the annual report.

Group's Policy on Payment of Creditors

The group is responsible for agreeing the terms and conditions, including terms of payment, under which business transactions with the company's suppliers are conducted.

While the group does not follow any single external code or standard, in line with Getronics Group policy, payments to suppliers are made in accordance with the agreed terms, provided that the supplier is also complying with all relevant terms and conditions.

Political and Charitable Contributions

The group did not make any political or charitable donations during 2020 (2019: £nil).

Directors' Responsibilities Statement

The director is responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs). Under company law the director 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 group and the company and profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs 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 group and the company will continue in business.

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

Directors' Report (continued)

For the Year Ended 31 December 2020

Directors' Responsibilities Statement (continued)

The director confirms that:

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

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

The director considers the annual report and the financial statements, taken as a whole, provides the information necessary to assess the group and company's performance, business model and strategy and is fair, balanced and understandable.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

These financial statements have been prepared on a going concern basis. The Director has reviewed the UK Group (the company and Getronics Cloud Solutions Limited) and the Company's going concern position, taking account of its current business activities, business performance and the factors likely to affect its future developments. The ability of the UK Group and the Company to continue as a going concern is dependent on the support of its parent company.

During July 2020, Getronics Group B.V. (formerly known as Digitran Innovations BV) and its subsidiaries was acquired by Getronics Group Holding Ltd ("GGHL"), a company ultimately controlled by the Kennic Trust. As a part of the acquisition and restructuring a significant amount of legacy group debt of €308m was converted into equity held by GGHL, significantly decreasing the interest burden of the Getronics group. Additionally, balances of €89m owed to Pomeroy (a former Getronics group entity) were acquired for €2 resulting in the removal of these obligations from the balance sheet. The Getronics Group has also benefited from incremental funding of €27.5m from its new owner and legacy lenders at the time of this transaction.

At the reporting date, the Getronics group's external borrowing arrangements matured in 2025 and represented term loans at a fixed interest rate of 5%, payable in kind and accordingly posed no cash flow burden on the Getronics group for the period to June 2025. Interest is therefore, rolled up into the loan principle and settled at the end of the term. In addition, the legacy lender group also provided the Getronics Group with a €5m asset backed facility secured on the Getronics Group's accounts receivable balance. In 2021, a further capital injection of €22.3m has been concluded. Approximately 50% of the legacy lender group followed their rights to participate in the relevant equity raise by exercising their pre-emption rights.

In April 2022, Management re-financed the legacy borrowing arrangements referred to above. The new borrowing facility of €82m was utilised to fully repay the existing borrowings and transaction costs of €66.6m. The Group has also raised additional equity funding from existing shareholders in the amount of €5.6m. The combination of this new borrowing facility and equity funding has led to a net cash inflow into the Group of €21m. This new cash injection will ensure the business has sufficient capital to execute its growth ambitions for the foreseeable future. Management is also currently engaged in a further fund raising process targeting a significant equity raise to provide substantial growth capital to the Group. The capital raise process being run by the Stifel Group is at an advanced

Going Concern (continued)

stage with a number of formal expressions of interest having been received, from both prospective financial and trade investors.

The new management team continues to work on restructuring the Getronics group's cost base and increasing the Getronics group's revenues through significant investment in its sales and technology capability. The Directors of the Getronics Group have prepared budgets and cash flow forecasts covering a period of at least 12 months from the date of signing these financial statements and have forecasted positive impacts on Getronics group EBITDA and cash flows due to the restructuring.

Getronics Group forecasts prepared by the new management team, taking into account the above-mentioned new borrowing facility and equity funding, demonstrates that the UK Group and the Company have access to sufficient cash resources to continue trading for at least 12 months from the date of signing these financial statements. However, these forecasts are based on certain assumptions and judgement which could lead to different outcomes. In forming its assessment, the Directors have also performed sensitivity analysis to assess possible downside risk.

The ability of the new management team to deliver on these plans and in doing so generating sufficient cash flows to support the UK Group and the Company is not without risk. A letter of support has been obtained from its parent company, Getronics Group BV, however this is not legally binding. Consequently, these matters give rise to a material uncertainty that may cast significant doubt about the UK Group and the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result in the UK Group and the Company being unable to continue as a going concern.

Whilst the letter of support obtained is not a legally binding agreement and is from the parent company, the Director, who is also a Director of Getronics Group BV, is confident that the Getronics Group intends to support the UK Group and the Company for at least twelve months from the date these financial statements are signed.. As such, the Director confirm that he has a reasonable expectation, should the new management team be successful in meeting their forecasts, that the UK Group and the Company will have adequate resources to continue in operational existence for at least 12 months from the approval of these financial statements. Taking into account the cash injection form the new borrowing facility and equity funding and the letter of support from Getronics Group BV, the Director considers its appropriate to prepare the financial statements on a going concern basis.

Covid-19 and Brexit

The Group and the Company have not been materially impacted by the continued global pandemic or the UK's decision to leave the European Union (EU). There is evidence to suggest that the global pandemic may in fact create additional opportunities for the IT sector and Getronics. In the short term, Government interventions to supress transition of the virus could have an impact on the Group's field services and project revenues. Management continues to closely engage with its customer base to assess the impact of the pandemic on their business which could lead to an indirect impact on the Group. The Group has very little exposure to non-essential retail and leisure customers and to date we have not experienced any contract terminations or issues with collectability of receivable balances directly resulting from the pandemic.

Directors' Report (continued)

For the Year Ended 31 December 2020

Auditor

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

ON BEHALF OF THE BOARD:

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Director: R Bronsgeest
Date: 6th May 2022

Independent Auditor's Report to the Members of Getronics Services UK Limited

For the Year Ended 31 December 2020

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Getronics UK Services Limited (the 'Parent Company') and its subsidiary (the 'Group') for the year ended 31 December 2020 which comprise of the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity, the company statement of cash flows 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which states that the Group and Parent Company's ability to continue as a going concern is dependent on the support of its parent company. However, the parent company may not be able to provide such support and the letter of support it has issued is not legally binding. These conditions along with the other matters set out in note 1 indicate the existence of a material uncertainty, which may cast significant doubt on the Group and Parent 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 and the responsibilities of the Director with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Getronics Services UK Limited

For the Year Ended 31 December 2020

Other information

The director is responsible for the other information. The other information comprises the information included in the 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and Parent 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.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 Director is 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 Director 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 Director is responsible for assessing the Group's and the Parent 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 Director either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Getronics Services UK Limited

For the Year Ended 31 December 2020

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.

Extent to which the audit was 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. 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 group and those laws and regulations that had a direct effect on the financial statements. The significant laws were considered to be IFRS and the Companies Act 2006.

- We understood how the group is complying with these laws and regulations by making enquires of management and the Board.

- We have considered the risk of fraud through revenue recognition by testing on sample basis for each stream of revenue appropriate supporting documents such contracts, master service agreements, customer acceptances, invoices and bank payments;

- We have also considered the risk of fraud through management override of controls by testing on a sample basis the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Independent Auditor's Report to the Members of Getronics Services UK Limited

For the Year Ended 31 December 2020

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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BDO LLP
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Leighton Thomas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date : 06 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

For the Year Ended 31 December 2020

	Notes	**2020 £'000**	2019 £'000
Revenue	2	**43,252**	50,466
Cost of sales		**(35,308)**	(40,887)
Gross profit		**7,944**	9,579
Administrative expenses		**(11,940)**	(9,436)
Operating (loss)/profit before exceptional items		**(3,996)**	143
Exceptional administrative expenses	4	**(1,098)**	(751)
Operating loss		**(5,094)**	(608)
Finance costs	5	**(220)**	(446)
Loss before income tax	6	**(5,314)**	(1,054)
Income tax	7	-	-
Loss for the year		**(5,314)**	(1,054)

Consolidated Statement of Other Comprehensive Income

	2020 £'000	2019 £'000
Loss for the financial year	**(5,314)**	(1,054)
Total comprehensive (loss) for the year	**(5,314)**	(1,054)

The notes on pages 24 to 57 form part of these financial statements.

Getronics Services UK Limited
Registered number:07966594

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-Current Assets			
Property, plant and equipment	10	**2,162**	2,011
Right of use assets	11	**403**	833
Goodwill	8	**1,321**	1,321
Intangible assets	9	**113**	241
Deposits	13	**119**	-
		4,118	4,406
Current Assets			
Inventories	12	**19**	67
Trade and other receivables	14	**65,854**	52,053
Cash and cash equivalents	27	**139**	44
Total Assets		**70,130**	56,570
Equity			
Shareholders' Equity			
Called up share capital	15	**6,523**	6,523
Share premium		**11,162**	11,162
Retained loss		**(30,609)**	(28,689)
Total Equity		**(12,924)**	(11,004)
Liabilities			
Non- Current Liabilities			
Lease liabilities	17	**92**	575
		92	575
Current Liabilities			
Trade and other payables	16	**82,495**	66,592
Lease liabilities	17	**418**	407
Provisions for other liabilities and charges	18	**49**	-
		82,932	66,999
Total Liabilities		**83,054**	67,574
Total Equity and Liabilities		**70,130**	56,570

The financial statements were approved by the Board of Directors on 6th May 2022 and were signed on its behalf by:

....

Director – R Bronsgeest

The notes on pages 24 to 57 form part of these financial statements

Getronics Services UK Limited
Registered number:07966594

Company Statement of Financial Position

As at 31 December 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-Current Assets			
Property, plant and equipment	10	**1,130**	2,011
Right of use assets	11	**403**	833
Investment in subsidiary	25	**-**	-
Goodwill	8	**1,321**	1,321
Intangible assets	9	**113**	241
Deposits	13	**119**	-
		3,086	4,406
Current Assets			
Inventories	12	**19**	67
Trade and other receivables	14	**67,139**	52,053
Cash and cash equivalents	27	**139**	44
Total Assets		**70,383**	56,570
Equity			
Shareholders' Equity			
Called up share capital	15	**6,523**	6,523
Share premium		**11,162**	11,162
Retained loss		**(30,706)**	(28,689)
Total Equity		**(13,021)**	(11,004)
Liabilities			
Non- Current Liabilities			
Lease liabilities	17	**92**	575
		92	575
Current Liabilities			
Trade and other payables	16	**82,845**	66,592
Lease liabilities	17	**418**	407
Provisions for other liabilities and charges	18	**49**	-
		83,312	66,999
Total Liabilities		**83,404**	67,574
Total Equity and Liabilities		**70,383**	56,570

The financial statements were approved by the Board of Directors on 6th May 2022 and were signed on its behalf by:

....

Director – R Bronsgeest

The notes on pages 24 to 57 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2020

	Called up share capital £'000	Share premium £'000	Retained Earnings £'000	Total equity £'000
1st January 2020	6,523	11,162	(28,689)	(11,004)
Capital Contribution (refer note 24)	-	-	3,393	3,393
Total comprehensive loss	-	-	(5,314)	(5,314)
Balance at 31 December 2020	**6,523**	**11,162**	**(30,610)**	**(12,925)**

Company Statement of Changes in Equity

For the Year Ended 31 December 2020

	Called up share capital £'000	Share premium £'000	Retained Earnings £'000	Total equity £'000
1st January 2020	6,523	11,162	(28,689)	(11,004)
Capital Contribution (refer note 24)	-	-	3,393	3,393
Total comprehensive loss	-	-	(5,410)	(5,410)
Balance at 31 December 2020	**6,523**	**11,162**	**(30,706)**	**(13,021)**

	Called up share capital £'000	Share premium £'000	Retained Earnings £'000	Total equity £'000
1st January 2019	6,523	11,162	(27,635)	(9,950)
Total comprehensive loss	-	-	(1,054)	(1,054)
Balance at 31 December 2019	**6,523**	**11,162**	**(28,689)**	**(11,004)**

The notes on pages 24 to 57 form part of these financial statements.

Getronics Services UK Limited
Registered number:07966594

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	26	**5,448**	960
Interest paid		**(39)**	(268)
Net cash generated from operating activities		**5,409**	692
Cash flows from investing activities			
Purchase of intangible fixed assets	9	**-**	(285)
Purchase of tangible fixed assets	10	**(1,108)**	(230)
Purchase of leased assets	11	**-**	(27)
Net cash used in investing activities		**(1,108)**	(542)
Cash flows from financing activities			
Loans from related parties		**122**	4,809
Inter-company funds (net)		**(3,857)**	(5,628)
Repayment of leases		**(472)**	(360)
Net cash used in financing activities		**(4,206)**	(1,179)
Increase/(decrease) in cash and cash equivalents		**95**	(1,029)
Cash and cash equivalents at beginning of period		**44**	1,073
Cash and cash equivalents at end of period		**139**	44

Getronics Services UK Limited
Registered number:07966594

Company Statement of Cash Flows

For the Year Ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	26	**6,733**	960
Interest paid		**(39)**	(268)
Net cash (used in)/from operating activities		**6,694**	692
Cash flows from investing activities			
Purchase of intangible fixed assets	9	**-**	(285)
Purchase of tangible fixed assets	10	**(1,108)**	(230)
Purchase of leased assets	11	**-**	(27)
Net cash used in investing activities		**(1,108)**	(542)
Cash flows from financing activities			
Loans from related parties		**122**	4,809
Inter-company funds (net)		**(5,142)**	(5,628)
Repayment of leases		**(472)**	(360)
Net used in financing activities		**(5,491)**	(1,179)
Increase/(decrease) in cash and cash equivalents		**95**	(1,029)
Cash and cash equivalents at beginning of period		**44**	1,073
Cash and cash equivalents at end of period		**139**	44

The notes on pages 24 to 57 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1. Accounting policies

Basis of preparation of financial statements

These consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS)), IFRS Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statement, are disclosed in the critical accounting estimates and judgements section of this note.

Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiary ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Following the incorporation of the company's subsidiary, Getronics Cloud, in 2020, these financial statements are presented on a consolidated basis for the first time. As such, the Group comparatives for 2019 are the same figures as for the Company for 2019 and therefore certain disclosures have not been repeated for Group comparatives for 2019 (e.g. Statement of Changes in Equity, Property, Plant and Equipment).

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £5,410k.

Going Concern

These financial statements have been prepared on a going concern basis. The Director has reviewed the UK Group and the Company's going concern position, taking account of its current business activities, business performance and the factors likely to affect its future developments. The ability of the UK Group and the Company to continue as a going concern is dependent on the support of its parent company.

During July 2020, Getronics Group B.V. (formerly known as Digitran Innovations BV) and its subsidiaries was acquired by Getronics Group Holding Ltd ("GGHL"), a company ultimately controlled by the Kennic Trust. As a part of the acquisition and restructuring a significant amount of legacy group debt of €308m was converted into equity held by GGHL., significantly decreasing the interest burden of the Getronics group. Additionally, balances of €89m owed to Pomeroy (a former Getronics group entity) were acquired for €2 resulting in the removal of these obligations from the balance sheet. The Getronics Group has also benefited from incremental funding of €27.5m from its new owner and legacy lenders at the time of this transaction.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Going Concern (continued)

At the reporting date, the Getronics group's external borrowing arrangements matured in 2025 and represented term loans at a fixed interest rate of 5%, payable in kind and accordingly posed no cash flow burden on the Getronics group for the period to June 2025. Interest is therefore, rolled up into the loan principle and settled at the end of the term. In addition, the legacy lender group also provided the Getronics Group with a €5m asset backed facility secured on the Getronics Group's accounts receivable balance. In 2021, a further capital injection of €22.3m has been concluded. Approximately 50% of the legacy lender group followed their rights to participate in the relevant equity raise by exercising their pre-emption rights.

In April 2022, Management re-financed the legacy borrowing arrangements referred to above. The new borrowing facility of €82m was utilised to fully repay the existing borrowings and transaction costs of €66.6m. The Group has also raised additional equity funding from existing shareholders in the amount of €5.6m. The combination of this new borrowing facility and equity funding has led to a net cash inflow into the Group of €21m. This new cash injection will ensure the business has sufficient capital to execute its growth ambitions for the foreseeable future. Management is also currently engaged in a further fund raising process targeting a significant equity raise to provide substantial growth capital to the Group. The capital raise process being run by the Stifel Group is at an advanced stage with a number of formal expressions of interest having been received, from both prospective financial and trade investors.

The new management team continues to work on restructuring the Getronics group's cost base and increasing the Getronics group's revenues through significant investment in its sales and technology capability. The Directors of the Getronics Group have prepared budgets and cash flow forecasts covering a period of at least 12 months from the date of signing these financial statements and have forecasted positive impacts on Getronics group EBITDA and cash flows due to the restructuring.

Getronics Group forecasts prepared by the new management team, taking into account the above-mentioned new borrowing facility and equity funding, demonstrates that the UK Group and the Company have access to sufficient cash resources to continue trading for at least 12 months from the date of signing these financial statements. However, these forecasts are based on certain assumptions and judgement which could lead to different outcomes. In forming its assessment, the Directors have also performed sensitivity analysis to assess possible downside risk.

The ability of the new management team to deliver on these plans and in doing so generating sufficient cash flows to support the UK Group and the Company is not without risk. A letter of support has been obtained from its parent company, Getronics Group BV, however this is not legally binding. Consequently, these matters give rise to a material uncertainty that may cast significant doubt about the UK Group and the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result in the UK Group and the Company being unable to continue as a going concern.

Whilst the letter of support obtained is not a legally binding agreement and is from the parent company, the Director, who is also a Director of Getronics Group BV, is confident that the Getronics Group intends to support the UK Group and the Company for at least twelve months from the date these financial statements are signed.. As such, the Director confirm that he has a reasonable expectation, should the new management team be successful in meeting their forecasts, that the UK Group and the Company will have adequate resources to continue in operational existence for at least 12 months from the approval of these financial statements. Taking into account the cash injection form the new borrowing facility and equity funding and the letter of support from Getronics Group BV, the Director considers its appropriate to prepare the financial statements on a going concern basis.

New accounting standards and interpretations

New standards, interpretations and amendments effective from 1 January 2020. There were a number of narrow scope amendments to existing standards which were effective from 1 January 2020; none of these had a material impact on the group:

Notes to the Financial Statements
For the Year Ended 31 December 2020

1. Accounting policies (continued)

New standards and interpretations not yet adopted
There are a number of new standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that are not yet mandatory and which the Company has decided not to adopt early. The most significant of these is as follows:

	Issue date	Effective date for annual periods beginning on/after	Expected impact
Amendments to IAS 1: Classification of liabilities as Current or Non-Current	23-Jan-20	01-Jan-23	None
Amendments to References to the Conceptual Framework in IFRS Standards	29-Mar-18	01-Jan-20	None
Amendments to IFRS 3 Business combinations: definitions of a business	22-Oct-18	01-Jan-20	None

Revenue recognition
Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over goods or services to a customer.

Managed Services Revenue

The Company provides maintenance, support and management of customers' IT infrastructures and operations under fixed-price and variable-price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided considering the customer simultaneously receives and consumes the benefits provided by the Company's performance as delivered by the Company and the company has an enforceable right to payment for the performance completed till date. For variable-price contracts, revenue is recognised based on the service provided to the customer in terms of the volume consumed such as licences, tickets logged, by the customer as defined and approved in the contract. Revenue is recognised based on monthly invoiced amounts as the service is delivered to the customer.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Project Revenue

Revenue from providing project services is recognised in the accounting period in which services are rendered. Each service within a project is priced separately based upon the unique nature of the project, total project revenue, expected risk market factors, and other relevant factors. Revenue is recognised based on discussions with the customers and acceptance of performance obligations. Non-financial measures such as KPI's ("key performance indicators") are tracked such as the overall number of incidents compared to the expected number of incidents, overall call waits, amount of time it takes to resolve an incident, etc. These indicators are tracked at both the contract and customer level and give the Company an understanding of the cost to the Company and the Company's overall performance and workload in comparison to the projected estimates as outlined in the cost-estimate. Project revenue is recognised on a percentage completion basis based on the percentage of time spent or other cost incurred in relation to the total cost of the project. Where cost or performance is not tied to progress, these are not included when measuring progress to date.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1. Accounting policies (continued)

Product Revenue Stream

Product revenue comes from the sale of hardware to customers of other revenue streams. Revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

Goodwill
Goodwill arising on the acquisition of the trade and assets of Getronics Services UK Limited is included as a separate line on the Statement of Financial Position, being the difference between the cost of the acquired assets and the fair values of the company's identifiable assets and liabilities. Goodwill is recognised as an asset and is tested for impairment annually or on such other occasions that events or changes in circumstances indicate that it might be impaired.

Impairment
The group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss on an annual basis. Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested annually for impairment, or on such other occasions that events or changes in circumstances indicate that it might be impaired. The Director is of the opinion that the assets have not suffered any impairment during the period.

Property, plant and equipment
Property, plant, and equipment are shown at the lower of cost or net realisable value. Depreciation is provided on a straight-line basis at the following annual rates in order to write off each asset over its estimated useful economic life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 20 years
Leasehold property	- 25 years or the period of the lease if shorter
Machinery & equipment	- 14% - 20% on cost
Fixtures & fittings	- 25% on cost
MIS equipment	- 33% on cost

Intangible fixed assets
Intangible fixed assets are amortised on a straight-line basis over their expected life:

Customer contracts and relations	- 20% on cost
Computer software	- 50% on cost

Amortisation of software is charged to cost of sales and amortisation of customer contracts and relations is charged within the administrative line in the company's Income Statement.

Inventories
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. A first in first out cost basis is applied when valuing inventories.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1. Accounting policies (continued)

Right of use assets

All leases are accounted for by recognising the right-of-use asset and lease liability including low value leases and leases with a duration of 12 months or less.

At inception of a contract, the Group will assess whether the contract is a lease. A contract is a lease if the contract conveys the right to control an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right of control the Group assesses whether:

- The contract involves the use of an identified asset;
- The Group has the right to use the economic benefit of use of the identified asset throughout the period of use;
- The Group has the right to direct the use of the identified asset.

The Group recognises a use of right asset and a lease liability at the lease commencement date.

Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. The cost of right of use assets includes the amount of the lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date, less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Lease liabilities are initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate. After the commencement date, the carrying amount of the lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The group recognised lease liabilities which are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 3%. In calculating the present value of the lease payments the Company uses the incremental borrowing rate at the lease commencement date. After the commencement date, the lease liability is increased to reflect the accruing of interest and reduced for lease payments made.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit.

Share capital

Share capital is disclosed at the value at which the shares were issued. Different classes of share capital are disclosed in accordance with the disclosure requirements of the Companies Act 2006.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1. Accounting policies (continued)

Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rate of exchange prevailing at the year end. Transactions denominated in foreign currencies are recorded at actual exchange rates at the date of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction.

Exceptional Costs

Operating loss before exceptional items is a non GAAP measure management use to monitor the performance of the Group. Exceptional costs relate costs for operational and efficiency restructuring costs related to employees and other costs for financial penalties incurred outside of the day to day running of the business.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Provisions for restructuring costs are recognised when the company has a detailed formal plan for the restructuring which has been notified to affected parties.

Financial Instruments

<ins>Cash and cash equivalents</ins>

Cash and cash equivalents comprise cash in hand, call and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

<ins>Trade receivables</ins>

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional. Due to the short-term nature, the carrying value of current receivables is considered to be the same as the fair value. Details about the company's impairment policies and the calculation of the loss allowances is noted above.

Credit risk assessments are performed on all new customers before contracting with them with subsequent reviews performed at defined periods.

The group applies IFRS 9's simplified approach to measuring expected credit losses which uses a lifetime expected loss approach for all trade receivables.

To measure the expected credit losses, trade receivables have been analysed based on the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 months before the relevant balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The impairment loss is recognised within Administrative expenses in the Income Statement.

1. Accounting policies (continued)

Intercompany borrowing
Interest bearing intercompany loans are recorded at the amount received. Finance charges are accounted for on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Pursuant to IFRS 9, the company is required to assess intercompany receivables for impairment by considering whether the receivable is in the scope of IFRS 9 and the amount is repayable on demand as well as considering whether the borrowers have sufficient accessible highly liquid assets in order to repay the Company if demanded on the reporting date.

Trade payables
Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. In most cases, trade payable are short term monetary liabilities and are stated at their nominal value.

Derivative financial instruments
No hedging derivatives were held at the year end. The foreign currency balances held at year end related to intercompany trade balances. The foreign currency gains and losses are incurred in the week in which payments are made or the monies received. The gains or losses are recognised in the income statement in the period or periods during which the foreign currency transaction affects the income statement.

Critical accounting estimates and judgements
The preparation of the financial statements requires management to make judgements and estimates that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group and the company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant impact on the financial statements are highlighted below.

The key judgements are as follows:

Going Concern
The Group's and company's going concern assessment is based on forecasts, projections of anticipated trading performance and a confirmation of support from its ultimate parent company. See further comments above.

Exceptional items
The Group considers items of income and expense as exceptional where the nature of the item, or its magnitude, is material and likely to be non-recurring in nature so as to assist the user of the financial statements to better understand the results of the core operations of the Group. Details of exceptional items are shown in note 4.

Impairment review
Management have performed an impairment review of goodwill and intangible assets based on 5-year budget and forecasts. A discount rate of 10% has been applied. In our opinion, no impairment provision is required for the year under review.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1. Accounting policies (continued)

Revenue recognition

Management considers the detailed criteria for the recognition of revenue from the sale of good and services as set out in the Company's accounting policy, in particular the estimation of completion status of projects for project revenue. The majority of projects are invoiced and recognised based on the percentage of time spent or other cost incurred in relation to the total cost of the project. Where cost or performance is not tied to progress, these are not included when measuring progress to date.

Incremental borrowing rates

The determination of the incremental borrowing rates used and the expected lease lengths and depreciation rates in the application of IFRS 16 Leases and the recognition and measurement of lease liabilities and right of use assets reported in the Statement of Financial Position.

Expected credit losses

The application of IFRS 9 when measuring expected credit losses and the assessment of expected credit loss provisions required for accounts receivable balances. The group is required to assess the impairment of financial assets based on expected credit losses rather than losses incurred. The expected credit losses on these financial assets, including inter-company receivables (net) are estimated from the initial recognition of the asset at each reporting date, using as a reference the past experience of the credit losses, adjusted for factors that are specific to the debtors or groups of debtors, the general economic conditions and an assessment of both, the current management and the forecast of future conditions.

2. Revenue

Revenue can be disaggregated into three revenue streams as shown in the table below:

Group & Company

2020	**Managed Services**	**Project**	**Product**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Timing of revenue recognition				
At a point in time	-	-	2,798	**2,798**
Over time	36,506	3,948	-	**40,454**
	36,506	**3,948**	**2,798**	**43,252**

2019	**Managed Services**	**Project**	**Product**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Timing of revenue recognition				
At a point in time	-	-	1,624	**1,624**
Over time	45,815	3,027	-	**48,842**
	45,815	**3,027**	**1,624**	**50,466**

Revenue is generated from customers predominantly based in the UK.

Notes to the Financial Statements

For the Year Ended 31 December 2020

3. Employees and Directors

Group & Company

	2020 £000	2019 £000
Wages and salaries	**16,130**	17,425
Social security costs	**2,352**	2,740
Other pension costs	**883**	1,122
Staff costs	**19,365**	21,287
Add back international resources (re-charged to group companies)	**4,283**	6,740
	23,648	28,027

The Company has received the benefit of payments under the furlough scheme of £108k (2019: nil) which has been netted off the above figures.

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

	2020	2019
Operational	**357**	412
Sales, general and administration	**81**	73
	438	485

Average monthly number of employees recharged on international activity included in the above number of employees during the year 46 (2019: 62)

No directors received emoluments from the Company during the year (2019: nil)

4. Exceptional Items

During the year the group continued with its 2019 strategy programme of ongoing operational and efficiency programmes and as a result incurred the restructuring costs noted below. Other costs relate to financial penalties incurred outside of the day to day running of the business.

Group & Company

	2020 £'000	2019 £'000
Employee related restructuring costs	**1,004**	603
Other costs	**94**	148
Exceptional items	**1,098**	751

Notes to the Financial Statements

For the Year Ended 31 December 2020

5. Finance Costs

Group & Company

	2020 £'000	2019 £'000
Intercompany loan interest	181	178
Interest expense for lease arrangements	21	39
Bank interest	18	23
Other finance costs	-	206
Finance costs	220	446

6. Loss before Income Tax

Group

The loss before income tax is stated after charging:

	2020 £'000	2019 £'000
Cost of sales:		
Employee benefit expenses	14,686	16,731
Depreciation – owned assets	707	1,357
Amortisation of intangible assets - software	105	116
Administration expenses:		
Employee benefit expenses	4,679	4,557
Depreciation – owned assets	247	224
Depreciation – Right of use assets	430	536
Amortisation of intangible assets – customer contracts and relations	23	116
Foreign exchange loss/(gain)	1,473	(677)
Auditors' remuneration – audit services	80	65
Corporation tax compliance services	5	5

7. Income Tax

Analysis of tax expense

The tax charge is based on the loss for the year and comprises:

	2020 £'000	2019 £'000
Current tax		
UK corporation tax	-	-
Total current tax	-	-

7. Income Tax (continued)

Company

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020 £'000	2019 £'000
Loss before income tax	**(5,410)**	(1,054)
Tax on the standard rate in the UK 19% (2019 – 19%)	**(1,028)**	(200)
Effects of:		
Fixed asset differences	**109**	85
Expenses/Income not deductible for tax purposes	**28**	36
Other permanent differences	**(102)**	7
Adjusted closing and opening deferred tax to average rate of 19%	**(332)**	20
Deferred tax not recognised	**1,325**	52
Current tax (credit)/charge for the year	**-**	-

Deferred tax was attributed to the timing differences in respect of intangible assets, the main corporation tax rate remained at 19% during the year.

Deferred taxes arising from unused tax losses are summarised as follows:

Deferred Tax assets	**1 January 2020**	**Recognised profit or loss**	**31 December 2020**
	£'000	£'000	£'000
Unused tax losses	-	-	-

Deferred Tax assets	**1 January 2019**	**Recognised profit or loss**	**31 December 2019**
	£'000	£'000	£'000
Unused tax losses	-	-	-

Trading losses of £18,839k (2019 - £13,817k) were not recognised as a deferred tax asset due to continued losses.

Notes to the Financial Statements
For the Year Ended 31 December 2020

8. Goodwill

Group & Company

	£'000
Carrying value	
At 1 January 2020	1,321
Impairment charge for the year	-
Carrying value	
At 31 December 2020	1,321

	£'000
Carrying value	
At 1 January 2019	1,321
Impairment charge for the year	-
Carrying value	
At 31 December 2019	1,321

Impairment
The group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss on an annual basis. Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested annually for impairment, or on such other occasions that events or changes in circumstances indicate that it might be impaired.

An impairment review was performed on 31st December 2020. The assumptions used in the model were terminal growth rate of 2.25% and a discount rate of 10% the model looked to estimate net present value of cash generating assets at that date. When applying sensitivities to the assumption, even reducing the terminal growth rate to 0% and increasing the discount rate to 15%, the model still showed that the asset had not suffered any impairment. As a result of this review the Director is of the opinion that the assets had not suffered any impairment.

9. Intangible Assets

Group & Company

	Customer contracts	Computer software	Totals
	£'000	£'000	£'000
Cost			
At 1 January 2020	4,058	1,009	5,067
Additions	-	-	-
Disposals	-	-	-
At 31 December 2020	4,058	1,009	5,067
Accumulated amortisation			
At 1 January 2020	(4,035)	(791)	(4,826)
Charge for the year	(23)	(105)	(128)
At 31 December 2020	(4,058)	(896)	(4,954)
Net Book Value			
Balance at 1 January 2020	23	218	241
Balance at 31 December 2020	-	113	113

	Customer contracts	Computer software	Totals
	£'000	£'000	£'000
Cost			
At 1 January 2019	4,058	724	4,782
Additions	-	285	285
Disposals	-	-	-
At 31 December 2019	4,058	1,009	5,067
Accumulated amortisation			
At 1 January 2019	(3,919)	(675)	(4,594)
Charge for the year	(116)	(116)	(232)
At 31 December 2019	(4,035)	(791)	(4,826)
Net Book Value			
Balance at 1 January 2019	138	50	188
Balance at 31 December 2019	23	218	241

9. Intangible Assets (continued)

The future value of customer contracts and relations represents the value that arose on the acquisition of the trade and assets of Getronics UK Ltd and Getronics Unified Communications (UK) Ltd. The assets are being amortised on a straight-line basis over 60 months. The director does not believe that there has been a material change to the valuation or the amortisation assumptions. An impairment review was performed at 31st December 2020, the assumptions used in the model were terminal growth rate of 2.25% and a discount rate of 10% the model looked to estimate net present value of cash generating assets at that date. As a result of this review the Director is of the opinion that the assets had not suffered any further impairment.

The net book value of Computer Software includes £95k (2019: £198k) in respect of assets held under hire purchase contracts or finance leases.

10. Property, Plant and Equipment

Group

	Freehold property	Leasehold property	Machinery & equipment	Fixtures & fittings	MIS Equipment	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 January 2020	2,968	767	3,769	186	10,836	18,526
Additions	-	-	1,006	-	102	1,108
Disposals	-	-	-	-	-	-
At 31 December 2020	2,968	767	4,775	186	10,938	19,634
Accumulated depreciation						
At 1 January 2020	(1,993)	(767)	(3,388)	(96)	(10,271)	(16,515)
Charge for the year	(90)	-	(256)	(4)	(607)	(957)
Disposals	-	-	-	-	-	-
At 31 December 2020	(2083)	(767)	(3,644)	(100)	(10,878)	(17,472)
Net book value						
At 1 January 2020	975	-	381	90	565	2,011
At 31 December 2020	885	-	1,131	86	60	2,162

Notes to the Financial Statements
For the Year Ended 31 December 2020

10. Property, Plant and Equipment (continued)

Company

	Freehold property	Leasehold property	Machinery & equipment	Fixtures & fittings	MIS Equipment	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 January 2020	2,968	767	3,769	186	10,836	18,526
Additions	-	-	1,006	-	102	1,108
Disposals	(2,968)	-	(1,316)	-	-	(4,284)
At 31 December 2020	-	767	3,459	186	10,938	15,350
Accumulated depreciation						
At 1 January 2020	(1,993)	(767)	(3,388)	(96)	(10,271)	(16,515)
Charge for the year	(61)	-	(246)	(4)	(607)	(916)
Disposals	2,054	-	1,159	-	-	3,213
At 31 December 2020	-	(767)	(2,475)	(100)	(10,878)	(14,220)
Net book value						
At 1 January 2020	975	-	381	90	565	2,011
At 31 December 2020	-	-	984	86	60	1,130

Company

	Freehold property	Leasehold property	Machinery & equipment	Fixtures & fittings	MIS Equipment	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 January 2019	2,968	767	3,621	108	10,832	18,296
Additions	-	-	148	78	4	230
At 31 December 2019	2,968	767	3,769	186	10,836	18,526
Accumulated depreciation						
At 1 January 2019	(1,895)	(767)	(3,214)	(90)	(8,968)	(14,934)
Charge for the year	(98)	-	(174)	(6)	(1,303)	(1,581)
At 31 December 2019	(1,993)	(767)	(3,388)	(96)	(10,271)	(16,515)
Net book value						
At 1 January 2019	1,073	-	407	18	1,864	3,362
At 31 December 2019	975	-	381	90	565	2,011

Notes to the Financial Statements
For the Year Ended 31 December 2020

11. Right of use Assets

Set out below, are the carrying amounts of the Group and Company's right of use assets and movements during the period:

Right of use assets	**Property**	**Vehicle**	**Others**	**Right of Use Asset**
Balance as at 1 January 2020	437	378	18	**833**
Lease additions	-	-	-	**-**
Depreciation for year	(221)	(192)	(17)	**(430)**
Balance as at 31 December 2020	**216**	**186**	**1**	**403**

Right of use assets	**Property**	**Vehicle**	**Others**	**Right of Use Asset**
Balance as at 1 January 2019	614	693	35	**1,342**
Lease additions	27	-	-	**27**
Depreciation for year	(204)	(315)	(17)	**(536)**
Balance as at 31 December 2019	**437**	**378**	**18**	**833**

12. Inventories

	2020	2019
	£'000	£'000
Finished goods	**19**	67

13. Deposits

	2020	2019
	£'000	£'000
Rental deposits	**119**	-

14. Trade and Other Receivables

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Trade receivables	**6,547**	6,874	**6,547**	6,874
Less: provision for impairment of trade receivables	**(320)**	(417)	**(320)**	(417)
	6,227	6,457	**6,227**	6,457
Trade receivables – net	**6,227**	6,457	**6,227**	6,457
Prepayments	**849**	2,547	**849**	2,547
Receivables from related parties (note 23)	**57,896**	41,082	**59,181**	41,082
Accrued revenue	**882**	1,967	**882**	1,967
Current portion	**65,854**	52,053	**67,139**	52,053

There were no non-current receivables at the 31 December 2020.

There were no fair value adjustments applied to any of the trade and other receivables at 31 December 2020, therefore the amounts are stated at nominal value.

Getronics do not buy or sell Currency or Interest rate hedging tools such as Forward Rates, Futures, Options, Swaps or any other hedging techniques or Financial Instruments.

The expected credit losses are estimated from the initial recognition of the asset at each reporting date, using as a reference the past experience of the credit losses, adjusted for factors that are specific to the debtors or groups of debtors, the general economic conditions and an assessment of both, the current management and the forecast of future conditions.

Overall the group has a net amounts due to group companies, out of which two companies are in a large net amounts due from position, there are no significant doubts as to the future recoverability of these balances, and as such, no provision for bad and doubtful debts has been raised against the amounts. The company provides against amounts due from group companies where there are significant doubts as to future recoverability based on prior experience, on assessment of the current economic climate and on the length of time that the receivable has been overdue.

The Group has not recognised a provision for expected credit losses on intercompany receivable balances greater than 12 months old. Management has taken into account the external credit rating, balance sheet strength and the Getronics Group's intention to clear down intercompany positions in the future and considers intercompany receivable balances to be fully recoverable. Management has therefore determined that any expected credit losses would therefore be immaterial.

As at 31 December 2020, trade receivables totalled £6,547k (2019: £6,874k). Following a review in line with IFRS 9 an expected credit loss allowance of £122k (2019: £417k) and a specific provision of £198k (2019: nil) has been recognised.

14. Trade and Other Receivables (continued)

The aging analysis of these trade receivables is as follows:

	2020	2019
	£'000	£'000
Trade Receivables which are not impaired and not yet due	5,998	5,899
Trade Receivables which are not impaired and less than three months overdue	229	480
Trade Receivables which are not impaired and more than three months overdue	-	78
Trade Receivables	6,227	6,457

The carrying amounts of the group and company's trade receivables are denominated in the following currencies:

	2020	2019
	£'000	£'000
GBP	6,485	6,845
EUR	5	13
USD	57	16
	6,547	6,874

The other classes within receivables do not contain impaired assets.

The intercompany loans usually have a one-year term and are renewed automatically on expiry. Intercompany funding balances can be netted off at any time subject to the agreement of the balances between the relevant Getronics Group entities. The management within the Getronics Group are confident of the future performance of the borrowers. The management will continue to monitor closely and review repayment periods as and when required.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The company does not hold any collateral as security.

15. Called up Share Capital

	2020	2019
	£'000	£'000
Authorised, allotted and fully paid		
6,523,331 (2019 – 6,523,331) ordinary shares of £1 each	6,523	6,523

16. Trade and Other Payables

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Current:				
Trade creditors	**1,609**	4,769	**1,609**	4,769
Amounts owed to group undertakings (refer note 23)	**65,909**	46,549	**66,071**	46,549
Intercompany loans (refer note 23)	**7,143**	6,840	**7,143**	6,840
Social security and other taxes	**2,495**	1,106	**2,683**	1,106
Accruals	**2,313**	4,504	**2,313**	4,504
Deferred income	**2,795**	2,824	**2,795**	2,824
Other payables	**231**	-	**231**	-
	82,495	66,592	**82,845**	66,592

The carrying amounts of the company's trade payables are denominated in the following currencies:

	2020 £'000	2019 £'000
GBP	**1,595**	4,266
EUR	**35**	(36)
USD	**(21)**	539
	1,609	4,769

Notes to the Financial Statements
For the Year Ended 31 December 2020

16. Trade and Other Payables (continued)

Amounts owed to group undertakings:

Group	Trade Payable £'000	Company Accrual £'000	Company Cashpool £'000	Loans £'000	2020 Total £'000
Current:					
Connectis CMC France (SAS)	2	-	217	-	219
Connectis CMC Italia	30	-	276	-	306
Connectis CMC UK Ltd	3,736	-	6,255	-	9,991
Connectis Financial & Shared Services	55	-	-	-	55
Connectis Global Services (Rosetta)	101	-	-	913	1,014
Connectis ICT Services SAU	1,611	-	254	810	2,675
Connectis Technology Brazil	1	-	-	-	1
Digitran Innovations B.V. (since renamed Getronics Group B.V.)	-	-	6,137	-	6,137
EMEA Távolsági Szolgáltató Rt	2,035	20	-	-	2,055
Getronics Belgium SA	-	1	-	-	1
Getronics CMC Desk Iberia S.l	13	-	-	-	13
Getronics CMC Holding BV	1,981	150	1,058	3,827	7,016
Getronics Deutschland GmbH	44	13	-	-	57
Getronics Global Services BV	163	33	15,984	-	16,180
Getronics India	2,316	33	-	-	2,349
Getronics Solution (S) Pte Limited	161	-	-	-	161
Getronics Solutions Malaysia Sdn Bhd	74	-	-	-	74
Getronics Thailand Co. Ltd	14	-	-	-	14
GSC Malaysia	139	-	-	-	139
GTN Services BV	10,658	-	12,344	1,593	24,595
	23,134	250	42,525	7,143	73,052

16. Trade and Other Payables (continued)

Company

	Trade Payable £'000	Inter Company Accrual £'000	Inter Company Cashpool £'000	Loans £'000	2020 Total £'000
Current:					
Connectis CMC France (SAS)	2	-	217	-	219
Connectis CMC Italia	30	-	276	-	306
Connectis CMC UK Ltd	3,736	-	6,255	-	9,991
Connectis Financial & Shared Services	55	-	-	-	55
Connectis Global Services (Rosetta)	101	-	-	913	1,014
Connectis ICT Services SAU	1,611	-	254	810	2,675
Connectis Technology Brazil	1	-	-	-	1
Digitran Innovations B.V. (since renamed Getronics Group B.V.)	-	-	6,137	-	6,137
EMEA Távolsági Szolgáltató Rt	2,035	20	-	-	2,055
Getronics Belgium SA	-	1	-	-	1
Getronics CMC Desk Iberia S.l	13	-	-	-	13
Getronics CMC Holding BV	1,981	150	1,058	3,827	7,016
Getronics Deutschland GmbH	44	13	-	-	57
Getronics Global Services BV	163	33	15,984	-	16,180
Getronics India	2,316	33	-	-	2,349
Getronics Solution (S) Pte Limited	161	-	-	-	161
Getronics Solutions Malaysia Sdn Bhd	74	-	-	-	74
Getronics Thailand Co. Ltd	14	-	-	-	14
GSC Malaysia	139	-	-	-	139
GTN Japan BV	-	-	-	-	-
GTN Services BV	10,658	-	12,344	1,593	24,595
Getronics Cloud Solutions	162	-	-	-	162
	23,296	250	42,525	7,143	73,214

16. Trade and Other Payables (continued)

Amounts owed to group undertakings:

	Trade Payable £'000	Inter Company Accrual £'000	Inter Company Cashpool £'000	Loans £'000	2019 Total £'000
Current:					
Connectis CMC France (SAS)	2	-	205	-	207
Connectis CMC Italia	-	-	340	-	340
Connectis CMC UK Ltd	1,016	6	6,490	-	7,512
Connectis Financial & Shared Services	232	-	-	-	232
Connectis Global Services (Rosetta)	-	43	-	945	988
Connectis ICT Services SAU	1,283	34	240	767	2,324
Connectis Technology Brazil	1	-	-	-	1
Digitran Innovations B.V. (since renamed Getronics Group B.V.)	-	-	475	-	475
EMEA Távolsági Szolgáltató Rt	979	58	-	-	1,037
Getronics Belgium SA	256	25	2,745	-	3,026
Getronics CMC Desk Iberia S.l	-	12	-	-	12
Getronics CMC Holding BV	362	95	834	3,621	4,912
Getronics Deutschland GmbH	76	10	-	-	86
Getronics Global Services BV	40	13	7,900	-	7,953
Getronics India	686	777	-	-	1,463
Getronics Solution (S) Pte Limited	163	-	-	-	163
Getronics Solutions Malaysia Sdn Bhd	75	-	-	-	75
Getronics Thailand Co. Ltd	15	-	-	-	15
GSC Malaysia	119	-	-	-	119
GTN Services BV	7,048	-	10,675	1,507	19,230
Pomeroy IT Solutions Sales Company Inc.	-	-	1,790	-	1,790
Pomeroy IT Solutions UK Ltd	74	5	1,350	-	1,429
	12,427	1,078	33,044	6,840	53,389

16. Trade and Other Payables (continued)

Intercompany borrowings maturity periods and average annual interest rates charged at the 31 December 2020 are as follows:

		Annual interest rate	**2020 £'000**
Current	GTN Services BV	6.5%	1,593
	Connectis Global Services (Rosetta)	6.5%	913
	Connectis ICT Services SAU	6.5%	810
	Getronics CMC Holding BV	0.0%	3,827
			7,143

		Annual interest rate	**2019 £'000**
Current	GTN Services BV	6.5%	1,507
	Connectis Global Services (Rosetta)	6.5%	945
	Connectis ICT Services SAU	6.5%	767
	Getronics CMC Holding BV	0.0%	3,621
			6,840

17. Leases

The group have a number of leases in main relating to property for business use and lease cars for employees. We have several long-term property leases where the contract has break clause and extension options allowing us to be flexible as a business. There are also small satellite locations where leases are in general only 1-2 years in length again with the option to extend as business requirements dictate. The group's motor fleet is also leased and each car has it's own contract term. These are usually fixed for 3 years with the current provider. There is also a small managed print estate for internal use (previously not accounted for specifically as a lease). This is a well established contract and has already renewed with further extensions likely.

Lease liabilities	**2020 £'000**	2019 £'000
Current	**418**	407
Non-current	**92**	575
Closing balance 31st December	**510**	982

17. Leases (continued)

The cash impact of lease liability payments is disclosed in the Statement of Cash Flows on page 16 of these financial statements. Interest charges relating to lease liabilities that have been recognised in the Income Statement are disclosed in Note 5 Finance Costs.

	£'000
Opening Lease Liability 1 January 2020	982
Payments made	(493)
Interest	21
Closing Lease Liability 31 December 2020	510
Opening Lease Liability 1 January 2019	1,628
New Leases	27
Payments made	(707)
Interest	34
Closing Lease Liability 31 December 2019	982

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2020 is as follows:

	2020 £'000	2019 £'000
Within 1 year	430	546
1 - 2 years	93	430
2 - 3 year	5	93
3 - 4 years	-	5
	528	1,074

No operating leases were held in 2020 as all leases that meet the definition of a lease are now within the scope of IFRS 16 - Leases and are included in lease liabilities disclosed above.

The operating leases commitments primarily relate to leasehold property and the group's motor fleet.

18. Provisions

	Restructuring provisions[a]		Total	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
At 1 January	**-**	128	**-**	128
Charge for the year	**1,004**	603	**49**	-
Utilisation	**(955)**	(731)	**-**	(128)
At 31 December	**49**	-	**49**	-

a. Restructuring provision relates to known employees exiting the business in early 2021 who were already informed by end of 2020. This was complete in Q1/2021.

19. Ultimate parent company

The Group's ultimate parent company is GTNS 2 Limited, a private limited company which is incorporated in the British Virgin Islands. As at 31 December 2020, the Group was ultimately controlled by the Kennic Trust.

For the year ended 31 December 2020, the results of the Company and the subsidiary were consolidated within the Getronics Group B.V.. The consolidated accounts will be available from the registered office of Getronics Group B.V. at Symphony 5th Gustav Mahlerplei, 1082 MS Amsterdam, Netherlands.

20. Contingent liabilities

The group and the company is subject to legal proceeding and claims that arise in the ordinary course of its business, at the year end and the reporting date there were not deemed to be any material financial implications and liabilities pertaining to the demands were fully recognised in the financial statements as at 31 December 2020. In the opinion of the director, the amount of any ultimate liability in respect of these actions will not materially affect the financial position of the company.

21. Capital and other financial commitments

Capital and other financial commitments authorised at 31st December 2020 amounted to £nil (2019 - £nil).

Notes to the Financial Statements
For the Year Ended 31 December 2020

22. Financial Instruments

Financial instruments by category (group)

2020	Loans and receivables	Other financial liabilities at amortised cost	2020 Total
	£'000	£'000	£'000
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments	7,429	-	7,429
Intercompany trade receivables	59,181	-	59,181
Total	**66,610**	**-**	**66,610**
Liabilities per Statement of Financial Position			
Intercompany loans	-	7,143	7,143
Lease liabilities	-	510	510
Trade and other payables excluding non-financial liabilities	-	6,835	6,835
Intercompany trade payables	-	66,071	66,071
Total	**-**	**80,559**	**80,559**

2019	Loans and receivables	Other financial liabilities at amortised cost	2019 Total
	£'000	£'000	£'000
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments	8,841	-	8,841
Intercompany trade receivables	41,082	-	41,082
Total	**49,923**	**-**	**49,923**
Liabilities per Statement of Financial Position			
Intercompany loans	-	6,840	6,840
Lease liabilities	-	982	982
Trade and other payables excluding non-financial liabilities	-	10,379	10,379
Intercompany trade payables	-	46,549	46,549
Total	**-**	**64,750**	**64,750**

22. Financial Instruments (continued)

Financial risk management
The company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and interest risk) credit risk and liquidity risk. Finance requirements are reviewed by the Board and Corporate Finance on a monthly basis.

The treasury functions of the company are responsible for managing fund requirements which includes banking and cash flow management. Interest and foreign exchange exposures also form part of the treasury management responsibilities, ensuring adequate liquidity to meet the company's responsibilities.

Interest rate risk
The company finances its operations through a mixture of cash, intercompany loans and finance leases borrowings which are at fixed rates of interest. Management periodically reviews these to ensure that the rates are reasonable.

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Cash flow forecasting is performed and aggregated at group level, company and Group finance monitors rolling forecasts for liquidity requirements to ensure the company has sufficient cash to meet its operational needs. Such forecasting takes into account consideration of the company's debt financing obligations.

The amounts disclosed in the table below are the contractual maturities of financial liabilities, including estimated interest payments.

	6 months or less £'000	**6-12 months £'000**	**1-2 years £'000**	**2-5 years £'000**
2020				
Lease liabilities (incl. interest)	212	212	92	5
Intercompany loans (incl. interest)	-	7,359	-	-
Trade and other payables (excludes accruals and deferred revenue)	77,736	-	-	-

	6 months or less £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000
2019				
Lease liabilities (incl. interest)	244	163	459	116
Intercompany loans (incl. interest)	-	7,050	-	-
Trade and other payables (excludes accruals and deferred revenue)	58,158	-	-	-

Currency risk
The company is exposed to currency risk on purchases, sales, intercompany borrowings and cash that are denominated in a currency other than GBP primary currency. Foreign exchange risk arises from transactions booked in foreign currencies. The company is not exposed to material foreign exchange risk from operations and so does not hedge its currency risk.

22. Financial Instruments (continued)

Credit risk
The company manages credit risk for each new client before agreeing contracted payment and delivery terms and conditions. Credit risk arises from cash and financial borrowings as well as credit exposure to suppliers and customers, including outstanding receivables and committed transactions. If customers have an independent credit risk rating this is used to establish an approved credit rating, however in the event that this is not available credit management perform a credit risk assessment taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with agreed company limits. Utilisation of credit limits are monitored on a regular basis and a robust collections process is in place.

No credit limits were exceeded during the year and management does not believe the company has any significant concentrations of credit risk.

Capital management
The company's objective when managing capital is to safeguard the company's ability to continue as a going concern. The director is aware of the current economic climate, financial risks and business uncertainties and have a framework to monitor and mitigate these risks. The parent company has indicated its willingness to support the company for the foreseeable future.

Notes to the Financial Statements

For the Year Ended 31 December 2020

23. Related Party Disclosures

Group Year ended 31st December 2020	Sales of services £'000	Purchase of services £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000	Loans owed to related parties £'000
Connectis CMC Deutschland GmbH	14	-	-	-	-
Connectis CMC France (SAS)	9	-	111	219	-
Connectis CMC Italia	-	30	-	306	-
Connectis CMC Nederlands BV	-	-	25	-	-
Connectis CMC Spain	10	-	75	-	-
Connectis CMC UK Ltd	32	2,267	100	9,992	-
Connectis Financial & Shared Services	-	-	-	55	-
Connectis ICT SAU	45	705	62	1,864	810
Connectis Technology Brazil	-	-	-	1	-
Digitran Innovations B.V. (since renamed Getronics Group B.V.)	-	-	44	6,137	-
EMEA Távolsági Szolgáltató Rt	-	985	-	2,055	-
Getronics (Schweiz) AG	-	-	-	-	-
Getronics Belgium SA	-	-	10	1	-
Getronics CMC Holding BV	721	1,672	728	3,190	3,827
Getronics Field Services GmbH	-	-	14	-	-
Getronics France	74	-	453	-	-
Getronics CMC Desk Iberia S.l	-	12	-	13	-
Getronics Germany GmbH	58	44	141	57	-
Getronics Germany	-	-	-	-	-
Getronics Global Services BV	8,165	122	28,525	16,181	-
Getronics Ireland Ltd	-	-	412	-	-
Getronics Solutions (Malaysia) Sdn	2	-	8	74	-
Getronics Solutions (S) Pte Ltd	-	-	185	161	-
Getronics Solutions India Pte Ltd	-	1,908	-	2,348	-
Getronics Solutions Malaysia Sdn Bhd	-	21	-	139	-
Getronics Technology Services BV	7,652	3,250	27,003	23,001	1,593
Getronics Thailand Co Ltd	-	-	-	14	-
Global Rosetta	-	99	-	101	913
Pomeroy IT Solutions UK	-	-	-	-	-
Pomeroy US	-	-	-	-	-
	16,782	11,115	57,896	65,909	7,143

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For the Year Ended 31 December 2020

23. Related Party Disclosures (continued)

Company	Sales of services	Purchase of services	Amounts owed by related parties	Amounts owed to related parties	Loans owed to related parties
Year ended 31st December 2020	£'000	£'000	£'000	£'000	£'000
Connectis CMC Deutschland GmbH	14	-	-	-	-
Connectis CMC France (SAS)	9	-	111	219	-
Connectis CMC Italia	-	30	-	306	-
Connectis CMC Nederlands BV	-	-	25	-	-
Connectis CMC Spain	10	-	75	-	-
Connectis CMC UK Ltd	32	2,267	100	9,992	-
Connectis Financial & Shared Services	-	-	-	55	-
Connectis ICT SAU	45	705	62	1,864	810
Connectis Technology Brazil	-	-	-	1	-
Digitran Innovations B.V. (since renamed Getronics Group B.V.)	-	-	44	6,137	-
EMEA Távolsági Szolgáltató Rt	-	985	-	2,055	-
Getronics (Schweiz) AG	-	-	-	-	-
Getronics Belgium SA	-	-	10	1	-
Getronics CMC Holding BV	721	1,672	728	3,190	3,827
Getronics Field Services GmbH	-	-	14	-	-
Getronics France	74	-	453	-	-
Getronics CMC Desk Iberia S.l	-	12	-	13	-
Getronics Germany GmbH	58	44	141	57	-
Getronics Germany	-	-	-	-	-
Getronics Global Services BV	8,165	122	28,525	16,181	-
Getronics Ireland Ltd	-	-	412	-	-
Getronics Solutions (Malaysia) Sdn	2	-	8	74	-
Getronics Solutions (S) Pte Ltd	-	-	185	161	-
Getronics Solutions India Pte Ltd	-	1,908	-	2,348	-
Getronics Solutions Malaysia Sdn Bhd	-	21	-	139	-
Getronics Technology Services BV	7,652	3,250	27,003	23,001	1,593
Getronics Thailand Co Ltd	-	-	-	14	-
Global Rosetta	-	99	-	101	913
Getronics Cloud Solutions	1,071	135	1,285	162	-
	17,853	11,250	59,181	66,071	7,143

23. Related Party Disclosures (continued)

Year ended 31st December 2019	Sales of services £'000	Purchase of services £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000	Loans owed to related parties £'000
Connectis CMC Deutschland GmbH	75	-	498	-	-
Connectis CMC France (SAS)	-	2	104	207	-
Connectis CMC Italia	32	-	60	340	-
Connectis CMC Nederlands BV	1	-	24	-	-
Connectis CMC Spain	27	-	66	-	-
Connectis CMC UK Ltd	143	3,057	73	7,513	-
Connectis Financial & Shared Services	-	187	190	232	-
Connectis ICT SAU	52	595	17	1,557	767
Connectis Technology Brazil	-	-	-	1	-
Digitran Innovations B.V. (since renamed Getronics Group B.V.)	-	-	-	475	-
EMEA Távolsági Szolgáltató Rt	-	930	-	1,037	-
Getronics (Schweiz) AG	2	-	7	-	-
Getronics Belgium SA	176	118	282	3,026	-
Getronics CMC Holding BV	345	1,415	9	1,291	3,621
Getronics Field Services GmbH	2	-			
Getronics France	24	2			
Getronics CMC Desk Iberia S.l	-	-	-	12	-
Getronics Germany GmbH	113	76	1,411	86	-
Getronics Germany	-	-	174	-	-
Getronics Global Services BV	9,017	473	18,269	7,956	-
Getronics Ireland Ltd	-	-	392	-	-
Getronics Solutions (Malaysia) Sdn	-	32	6	75	-
Getronics Solutions (S) Pte Ltd	6	2	190	163	-
Getronics Solutions India Pte Ltd	-	423	-	1,464	-
Getronics Solutions Malaysia Sdn Bhd	-	21	-	119	-
Getronics Technology Services BV	17,040	6,140	19,195	17,717	1,507
Getronics Thailand Co Ltd	-	-	-	15	-
Global Rosetta	-	-	81	43	945
Pomeroy IT Solutions UK	-	33	-	1,429	-
Pomeroy US	1	-	34	1,791	-
	27,056	13,506	41,082	46,549	6,840

Goods are bought and sold based on the price lists in force that would be available to third parties. Receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties. Related party payables bear no interest, subject to the loans due, that accrue interest as set out in note 16.

Notes to the Financial Statements

For the Year Ended 31 December 2020

24. Capital Contribution

Getronics Group B.V. went through a comprehensive balance sheet restructure and change in control on 20 July 2020. As part of this restructure, the group negotiated that all intra-group positions with its parent, PomGen Holdings and its subsidiary, Pomeroy, be net-settled for €2.00. This arrangement was negotiated from a Group perspective and resulted in settlement of the liabilities and assets in the respective group companies' accounting records being rolled up to Getronics Group B.V. level. As a result of the net settlement, an amount of £3,393k has been waived off by the group, which has been treated as a capital contribution.

25. Investment in subsidiary

Company	**Shares in subsidiary**
	£
Cost	
At 7 August 2020 and 31 December 2020	1

The undertaking in which the Group's interest at the year-end is 20% or more is as follows:

Name	**Registered address**	**Proportion of voting rights and ordinary share capital held**
Getronics Cloud Solutions	Level 30, The Leadenhall Building, 122 Leadenhall Street, London, England, EC3V 4AB	100%

26. Reconciliation of loss after income tax to cash generated from operations

Group

	2020 £'000	2019 £'000
Loss after income tax	**(5,314)**	(1,054)
Tax charge	**-**	-
Interest charge	**220**	268
Depreciation PPE	**957**	1,581
Depreciation right of use assets	**430**	536
Amortisation of intangible assets	**128**	232
Decrease in inventories	**48**	83
Increase in deposits	**(119)**	-
Decrease in trade and other receivables	**3,014**	3,597
Increase/(decrease) in trade and other payables	**6,036**	(4,155)
Increase/(decrease) in provisions	**49**	(128)
Cash generated from operations	**5,448**	960

Company

	2020 £'000	2019 £'000
Loss after income tax	**(5,410)**	(1,054)
Tax charge	**-**	-
Interest charge	**220**	268
Depreciation PPE	**916**	1,581
Depreciation right of use assets	**430**	536
Amortisation of intangible assets	**128**	232
Decrease in inventories	**48**	83
Increase in deposits	**(119)**	-
Decrease in trade and other receivables	**3,013**	3,597
Increase/(decrease) in trade and other payables	**7,459**	(4,155)
Increase/(decrease) in provisions	**49**	(128)
Cash generated from operations	**6,733**	960

Notes to the Financial Statements

For the Year Ended 31 December 2020

27. Cash and cash equivalents

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statements of financial position amounts:

Group & Company

	2020	2019
	£'000	£'000
Cash at bank	139	44
Bank overdraft	-	-
Cash and cash equivalents	139	44